

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 10, 2018

**Consolidated Financial Report**  
**for the First Quarter of the Fiscal Year Ending March 31, 2019**  
**<Japanese GAAP>**

Representative: Shigeki Miyachi, President and Representative Director

For further information contact: Kesaaki Ushikoshi, General Manager of Accounting Department

Telephone: +81-3-3448-5824

Scheduled Date to Submit Quarterly Annual Securities Report: August 10, 2018

Expected Date of Payment for Dividends: —

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 First Quarter of Fiscal Year Ending March 31, 2019**  
**(From April 1, 2018 to June 30, 2018)**

**(1) Results of Consolidated Operations**

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
<b>June 30, 2018</b>	<b>15,165</b>	<b>17.5</b>	<b>1,339</b>	<b>178.6</b>	<b>1,545</b>	<b>200.5</b>
June 30, 2017	12,906	20.9	480	(24.5)	514	735.2

Note: Comprehensive income

Three-month period ended June 30, 2018: 630 million yen (48.1) %

Three-month period ended June 30, 2017: 1,215 million yen — %

: 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)
<b>June 30, 2018</b>	<b>1,181</b>	<b>68.2</b>	<b>16.52</b>	<b>16.49</b>
June 30, 2017	702	—	9.78	9.76

**(2) Consolidated Financial Position**

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>June 30, 2018</b>	<b>97,192</b>	<b>59,523</b>	<b>61.1</b>	<b>830.26</b>
March 31, 2018	98,493	59,666	60.1	828.26

Reference: Shareholders' equity

As of June 30, 2018: 59,378 million yen

As of March 31, 2018: 59,217 million yen

**2. Dividends**

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
<b>2019(Forecast)</b>		<b>7.50</b>	—	<b>7.50</b>	<b>15.00</b>
<b>2019</b>	—				
2018	—	6.50	—	6.50	13.00

Note: Change in the current three-month period ended June 30, 2018, to dividend forecast: None

**3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2019**

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Six-month period ending September 30, 2018	30,000	15.2	2,600	266.2	2,550	222.7
Year ending March 31, 2019	61,000	10.5	5,500	107.6	5,400	125.3

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2018	1,800	72.5	25.17
Year ending March 31, 2019	3,800	126.4	53.11

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 June 30, 2018, 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 June 30, 2018: 73,501,425 shares

As of March 31, 2018: 73,501,425 shares

Number of treasury stock

As of June 30, 2018: 1,982,940 shares

As of March 31, 2018: 2,005,532 shares

Average number of shares outstanding at period-end

Three-month period ended June 30, 2018: 71,514,357 shares

Three-month period ended June 30, 2017: 71,876,169 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 467,100 shares as of June 30, 2018 and 480,100 shares as of March 31, 2018. 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 471,233 shares for the three-month period ended June 30, 2018 and 100,166 shares for the three-month period ended June 30, 2017.

**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, August 10, 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 June 30, 2018 and March 31, 2018

ASSETS	Millions of yen	
	June 30, 2018	March 31, 2018
Current Assets:		
Cash and deposits	15,082	18,104
Notes and accounts receivable-trade	16,769	16,373
Securities	2,199	—
Finished products	11,672	11,734
Material in process	9,035	8,713
Raw material	5,012	5,095
Others	780	1,301
Less: Allowance for doubtful accounts	(30)	(25)
Total current assets	<u>60,522</u>	<u>61,296</u>
Non-Current Assets:		
Tangible fixed assets:		
Machinery and vehicles	9,532	9,700
Others	10,633	10,613
Total tangible fixed assets	<u>20,166</u>	<u>20,313</u>
Intangible fixed assets	2,887	2,956
Investments and other assets:		
Investment securities	10,125	11,119
Others	3,540	2,856
Less: Allowance for doubtful accounts	(48)	(48)
Total investments and other assets	<u>13,616</u>	<u>13,927</u>
Total non-current assets	<u>36,670</u>	<u>37,196</u>
 TOTAL ASSETS	 <u><u>97,192</u></u>	 <u><u>98,493</u></u>

LIABILITIES	Millions of yen	
	June 30, 2018	March 31, 2018
Current Liabilities:		
Notes and accounts payable-trade	10,953	10,939
Current portion of long-term loans payable	2,778	2,778
Income taxes payable	740	479
Allowance for directors' and corporate auditors' bonuses	15	60
Others	4,726	5,319
Total current liabilities	19,214	19,577
Non-Current Liabilities:		
Corporate bonds	10,000	10,000
Long-term loans payable	7,763	8,516
Net defined benefit liabilities	15	15
Others	675	717
Total non-current liabilities	18,454	19,249
TOTAL LIABILITIES	37,669	38,827
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,875	12,887
Retained earnings	34,257	33,544
Treasury stock	(1,153)	(1,169)
Total shareholders' equity	55,513	54,795
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	3,756	4,450
Deferred gains or losses on hedges	(2)	0
Foreign currency translation adjustments	7	(154)
Remeasurements of defined benefit plans	104	125
Total accumulated other comprehensive income	3,865	4,422
Subscription rights to shares	72	76
Non-controlling interests	72	372
TOTAL NET ASSETS	59,523	59,666
TOTAL LIABILITIES AND NET ASSETS	97,192	98,493

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

For the first quarter ended June 30, 2018 and 2017

	Millions of yen	
	<b>June 30, 2018</b>	June 30, 2017
Net Sales	15,165	12,906
Cost of Sales	10,537	9,208
Gross Profit	4,627	3,697
Selling, General and Administrative Expenses	3,287	3,217
Operating Profit	1,339	480
Non-Operating Income:		
Interest income	2	1
Dividend income	121	94
Foreign exchange gains	83	6
Others	87	39
	295	141
Non-Operating Expenses:		
Interest expenses	21	42
Sales discounts	48	51
Others	19	14
	89	108
Ordinary Profit	1,545	514
Extraordinary Income:		
Gain on sales of fixed assets	0	35
	0	35
Extraordinary Losses:		
Impairment loss	97	—
	97	—
Profit Before Income Taxes	1,448	549
Income Taxes	259	(159)
Profit	1,188	709
Profit attributable to non-controlling interests	6	6
Profit attributable to owners of parent	1,181	702

**Consolidated Statements of Comprehensive Income**

For the first quarter ended June 30, 2018 and 2017

	Millions of yen	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Profit	<b>1,188</b>	709
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	<b>(693)</b>	356
Deferred gains or losses on hedges	<b>(3)</b>	(7)
Foreign currency translation adjustments	<b>160</b>	136
Remeasurements of defined benefit plans	<b>(21)</b>	20
Total Other Comprehensive Income	<u><b>(557)</b></u>	<u>506</u>
Comprehensive Income	<u><b>630</b></u>	<u>1,215</u>
Breakdown:		
Comprehensive income attributable to owners of parent	<b>625</b>	1,219
Comprehensive income attributable to non-controlling interests	<b>5</b>	(3)

**(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 first 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.

**(6) Additional Information**

The Group has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement NO. 28 on February 16, 2018), etc. from the beginning of the first quarter of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.