

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

May 14, 2018

Consolidated Financial Report
for the Fiscal Year ended March 31, 2018
<Japanese GAAP>

Representative: Shigeki Miyachi, President and Representative Director

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Scheduled Date of Ordinary General Meeting of Shareholders:	June 28, 2018
Scheduled Date to Submit Annual Securities Report:	June 28, 2018
Scheduled Date to Begin Dividend Payments:	June 29, 2018
Preparation of Supplementary Explanation Material for Financial Results:	Yes
Holding of Presentation Meeting for Financial Results:	Yes (Targeted at institutional investors and analysts)

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

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2018
(From April 1, 2017 to March 31, 2018)

(1) Results of Consolidated Operations

Years ended March 31, 2018 and 2017

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit attributable to owners of parent	Percentage change
2018	55,228	25.1	2,649	131.2	2,397	164.7	1,678	—
2017	44,130	1.1	1,145	(62.0)	905	(67.2)	(291)	—

Notes: Comprehensive income

Fiscal year ended March 31, 2018: 2,317 million yen 71.9 %

Fiscal year ended March 31, 2017: 1,348 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.

	Earnings per share (Yen)	Diluted earnings per share (Yen)	Return on equity (%)	Ordinary profit to total assets (%)	Operating profit to net sales (%)
2018	23.35	23.30	2.9	2.4	4.8
2017	(4.04)	—	(0.5)	1.0	2.6

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2018: — million yen

Fiscal year ended March 31, 2017: — million yen

(2) Consolidated Financial Position

Years ended March 31, 2018 and 2017

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2018	99,836	59,666	59.3	828.26
2017	99,627	58,605	58.4	810.11

Reference: shareholders' equity

Fiscal year ended March 31, 2018: 59,217 million yen

Fiscal year ended March 31, 2017: 58,216 million yen

(3) Consolidated Cash Flows

Years ended March 31, 2018 and 2017

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
2018	6,043	(1,379)	(6,696)	18,019
2017	4,981	(5,376)	7,126	20,040

2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
2019(Forecast)	—	7.50	—	7.50	15.00
2018	—	6.50	—	6.50	13.00
2017	—	6.50	—	6.50	13.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
2019(Forecast)		28.2	
2018	935	55.7	1.6
2017	936	—	1.6

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

Six-month period ending September 30, 2018, and 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

Note: 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.

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) 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

(3) Number of shares issued (Common stock)

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

Fiscal year ended March 31, 2018: 73,501,425 shares

Fiscal year ended March 31, 2017: 73,501,425 shares

Number of treasury stock

Fiscal year ended March 31, 2018: 2,005,532 shares

Fiscal year ended March 31, 2017: 1,638,790 shares

Average number of shares outstanding at period-end

Fiscal year ended March 31, 2018: 71,886,988 shares

Fiscal year ended March 31, 2017: 72,077,206 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 480,100 shares as of March 31, 2018 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 89,183 shares for the fiscal year ended March 31, 2018 and 207,766 shares for the fiscal year ended March 31, 2017.

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2018
(From April 1, 2017 to March 31, 2018)**

(1) Results of Non-consolidated Operations

Years ended March 31, 2018 and 2017

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit	Percentage change
2018	45,874	19.8	964	—	1,227	—	810	—
2017	38,276	0.8	(82)	—	(72)	—	(534)	—

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

	Earnings per share (Yen)	Diluted earnings per share (Yen)
2018	11.27	11.25
2017	(7.41)	—

(2) Non-consolidated Financial Position

Years ended March 31, 2018 and 2017

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2018	91,045	53,013	58.1	740.42
2017	91,446	53,026	58.0	737.47

Reference: shareholders' equity

Fiscal year ended March 31, 2018: 52,937 million yen

Fiscal year ended March 31, 2017: 52,996 million yen

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, May 14, 2018. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections. For performance forecasts, please refer to "Overview of Operating Results (4) Outlook" on page 7.

5. Operating Results and Financial Position

(1) Analysis of Operating Results

In the consolidated fiscal year ended March 31, 2018, the Japanese economy continued to gradually improve against a backdrop of rising corporate profits, employment figures, and income levels as well as increased private capital investment. Overseas, the U.S. economy remained steady, and European and Asian economies on the whole continued to recover.

Under these circumstances, the Group has entered into the final fiscal year of its “IKO Mid-term business plan 2017 (three-year plan) CHANGE & CHALLENGE,” which began in April 2015. The Group has implemented a wide range of initiatives to strengthen its earnings base while expanding its businesses and ensuring sustained growth.

From a sales perspective, amid robust demand for private capital investment and a consistently high level of orders, the Group worked to further cultivate business ties with existing customers while focusing on expanding sales of strategic products, demand for which is expected to increase going forward.

From a production standpoint, with orders continuing to rapidly rise, the Group worked quickly to upgrade its supply framework, mainly by increasing the number of personnel at domestic factories and the production subsidiary IKO Thompson Vietnam Co., Ltd. In addition, the Group strove to expand its overall production capacity and boost profitability by reducing costs.

Turning to the Group's operational results, domestic and overseas markets remained strong due to active capital investment in the industries of our main customers. In the domestic market, net sales increased due mainly to demand for machine tools and for electronics-related devices, including semiconductor manufacturing equipment and electronic component mounting equipment. Overseas, net sales rose in North America as demand remained firm for machine tools and precision machinery. In Europe, net sales increased amid growing demand for machine tools and electronics-related devices. In Asia, sales soared due to the inclusion of UBC (Shanghai) Precision Bearing Manufacturing Co., Ltd. as a consolidated subsidiary as well as higher demand in Hong Kong, Taiwan, South Korea, and China, where the companies are maintaining a steady program of investment in production automation and labor-saving technology as well as capital investment in infrastructure-related projects.

As a result, consolidated net sales for the fiscal year under review totaled ¥55,228 million, up 25.1% year on year. On the earnings front, production efficiency worsened temporarily following the installation of a new mission-critical system. However, due mainly to increased revenue and production, operating profit came to ¥2,649 million, up 131.2% year on year, and ordinary profit came to ¥2,397 million, up 164.7% year on year. Profit attributable to owners of the parent amounted to ¥1,678 million, compared with loss attributable to owners of the parent of ¥291 million for the previous fiscal year.

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, disclosure of segment information has been omitted. Sales of Needle Roller Bearings and Linear Motion Rolling Guides totaled ¥47,990 million, an 23.7% increase compared with the corresponding period in the previous fiscal year. Sales of Machine Components rose 35.7% to ¥7,237 million.

Business Segment Information

	March 31, 2018		March 31, 2017		Change	
	Millions of yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	47,990	86.9	38,797	87.9	9,193	23.7
Machine Components	7,237	13.1	5,332	12.1	1,904	35.7
Total net sales	55,228	100.0	44,130	100.0	11,097	25.1

(2) Summary of Financial Position

Total assets as of March 31, 2018, totaled ¥99,836 million, an increase of ¥208 million compared with the end of the previous fiscal year. This mainly comprised increases in notes and accounts receivable-trade of ¥3,260 million and investment securities of ¥679 million as well as decreases in cash and deposits of ¥2,136 million, inventories of ¥373 million, deferred tax assets of ¥219 million, tangible fixed assets of ¥558 million and intangible assets of ¥418 million.

Total liabilities amounted to ¥40,170 million, a decrease of ¥851 million compared with the end of the previous fiscal year. This mainly comprised increases in notes and accounts payable-trade of ¥2,795 million, accrued expenses of ¥510 million, accounts payable-other of ¥832 million and deferred tax liabilities of ¥279 million as well as decreases in short-term loans payable of ¥400 million and corporate bonds of ¥5,000 million.

Total net assets amounted to ¥59,666 million, an increase of ¥1,060 million compared with the end of the previous fiscal year. This mainly comprised increases in retained earnings of ¥742 million and net unrealized holding gains on available-for-sale securities of ¥474 million.

(3) Summary of Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥18,019 million, a decrease of ¥2,020 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥6,043 million. The major inflows were profit before income taxes of ¥2,489 million, depreciation and amortization of ¥3,094 million, a decrease in inventories of ¥410 million, an increase in notes and accounts payable-trade of ¥2,704 million and an increase in accrued expenses of ¥326 million, while the major outflows was an increase in notes and accounts receivable-trade of ¥3,196 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥1,379 million. This was mainly due to proceeds from cancellation of insurance funds of ¥532 million, while the major outflows were purchase of property, plant and equipment of ¥1,539 million and purchase of insurance funds of ¥260 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥6,696 million. This was mainly due to redemption of bonds of ¥5,000 million, purchase of treasury shares of ¥420 million and cash dividends paid of 935 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Equity ratio (%)	65.4	65.0	58.4	59.3
Equity ratio on market value basis (%)	46.3	32.6	43.6	60.9
Debt repayment period (Years)	2.4	7.1	5.4	3.5
Interest coverage ratio (Times)	74.6	21.6	43.4	43.3

Notes:

Equity ratio:	Total shareholders' equity / total assets
Equity ratio on market value basis:	Aggregate market value of common stock / total assets
Debt repayment period:	Interest-bearing liabilities / cash flows from operating activities
Interest coverage ratio:	Cash flows from operating activities / interest payments

1. All indices based on consolidated financial figures.

2. Aggregate market value of common stock:

Market price at the period-end x number of shares outstanding at the period-end (excluding treasury stock)

3. Cash flows from operating activities corresponds to the cash flow from operating activities in the consolidated statement of cash flows. Interest-bearing liabilities include all liabilities reported on the consolidated balance sheet for which the Group is paying interest. Interest payments correspond to the interest paid in the consolidated statement of cash flows.

(4) Outlook

Regarding the forecast for the current fiscal year, the Japanese economy is expected to continue to gradually recover. Overseas, the world economy is expected to remain firm overall despite concerns about the risk of a slump that have been prompted mainly by shifting policies in the United States and international trade friction.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥61.0 billion, operating profit of ¥5.5 billion, ordinary profit of ¥5.4 billion and profit attributable to owners of parent of ¥3.8 billion for the year ending March 31, 2019.

(5) Fundamental Earnings Distribution Policy and Dividends for the Current and Next Fiscal Periods

With regard to the distribution of profits, Nippon Thompson Co., Ltd. (the “Company”) positions the return of profits to shareholders as one of its major management issues, having as its basic policy continuing stable dividends while taking performance levels into overall consideration.

In addition, while giving heed to such factors as the future business environment, the Group intends to retain sufficient internal reserves. Specifically in this regard, the Group works to strengthen its management base and improve earnings power to maximize corporate value. Simultaneously, it reviews production systems that respond to rapid technological innovation and fluctuating demand and makes such investments as new product development.

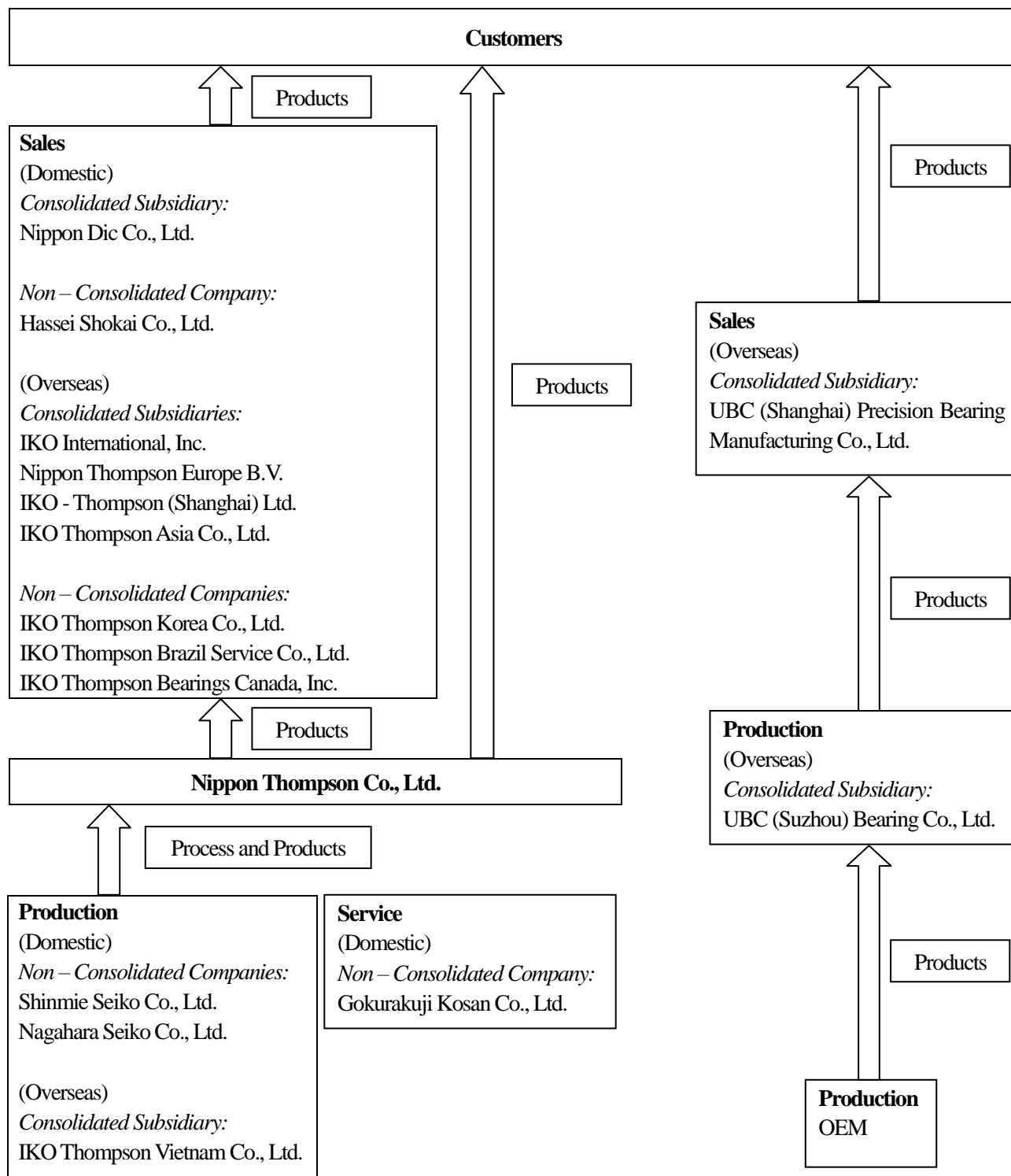
In keeping with the basic policy and as a result of a general review of, for example, the level of performance over the fiscal year and internal reserves, the Company plans a year-end dividend of ¥6.5 per share. Including the interim dividend of ¥6.5 per share, the planned full-year dividend payment ¥13 per share.

The Company is forecasting a dividend of ¥15 per share (including an interim dividend of ¥7.5 per share) for the fiscal year ending March 31, 2018.

6. Status of the Group

The Group is composed of the Company and its subsidiaries, and engages in the manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components.

The Group's business is outlined in the following diagram.



7. Management Policies

(1) Fundamental Management Policies

Based on the corporate philosophy of “contributing to society as an R&D-oriented company,” the Group—a trusted international enterprise—is committed to serving domestic and overseas markets through the manufacture and sale of Needle Roller Bearings and Linear Motion Rolling Guides. Our emphasis is on quality rather than scale, as we see our mission as developing high-value-added products that meet customer needs. The entire company is engaged in an effort to associate the Nippon Thompson brand with the acronym IKO—“**I**” for Innovation, because the Company’s products are always innovative; “**K**” for Know-how, because they incorporate a high level of technological expertise; and “**O**” for Originality, because they are highly creative.

The Group believes that contributing to the development of society is one of its most important management policies. While thoroughly instilling corporate ethics, we make every effort to ensure compliance in management and contribute to the preservation of the global environment. Our corporate activities take into account this social mission.

(2) Management Targets and Performance Indicators

Raising shareholder return on equity (ROE), in an effort to maximize shareholder value, is the principal indicator for the Group. Management also focuses on improving cash flows to enhance stability and to strengthen the Group’s financial position.

(3) Medium-Term Management Strategies

Through the manufacture and sale of bearings and other products, the Group aims to reinforce its reputation of trustworthiness and dependability in the global market while further strengthening its presence and achieving continuous growth. Accordingly, we have formulated “IKO Mid-term business plan 2020 (three-year plan) CHANGE & CHALLENGE: Next Stage—ACCOMPLISH—.” Aiming to achieve sustained growth and reinforce our earnings structure, we will focus our management resources on nurturing key fields with high growth and earnings potential. We will continue to provide the world with high added value by developing products and services that take maximum advantage of the Group’s core technologies.

(4) Issues to Be Resolved

The main businesses of the Group are expected to experience a steady increase in demand from various sectors, centered on the machine tools and semiconductor manufacturing equipment industry. This forecasted rise in demand is attributable to the global growth of the machinery and electronics industry. In step with worldwide trends toward the prevention of global warming, the Company’s products, which meet the need for compact, power-saving machinery, are present in business fields that possess growth potential.

The Group will respond flexibly to changes in the businesses environment while conducting focused investment of management resources based on careful analysis of the abovementioned promising markets and implementing a range of measures to heighten its global competitiveness.

From the sales perspective, the Group will establish a marketing framework that can offer solutions through

cooperation between the technical, production, and administrative departments as well as the Sales Department based on assessments of customers' problems and aspirations. We aim to be a company that customers are comfortable approaching directly for consultation. In particular, as the switch to IoT and smart factories accelerates, market needs are growing more complex and varied. In response, we will increase the added value provided to customers by enhancing our ability to offer solutions using unit products. In addition, we will promote the technical capabilities of the IKO brand in new and unconventional ways and work to raise awareness of these capabilities on the global market. We will continue to build a framework that can more efficiently and effectively expand sales.

Regarding product development, amid an era of economic and social structural change driven by technological progress, including IoT, big data, AI, and robots, the Group is providing new value to society through product development focused on exploring new fields with an eye toward open innovation involving industry, academia, and government agencies. We share our customers' values and strive to address the specific needs of communities around the globe. We will continue working to develop markets and products from the customers' point of view using the Group's advance technical skills.

Turning to production activities, the Group will earnestly promote manufacturing reforms and work to improve processes, promote automation, and establish new methods with the aim of ensuring our ability to produce and supply products in a steady, timely manner in line with Companywide marketing strategies. As for materials and components, in addition to implementing optimal global procurement, we have begun to carry out fundamental reforms from upstream processes and are boosting the effects of those reforms. By manufacturing in optimal locations that best utilize each domestic and overseas production base's strengths and accurately assigning roles, we will continue working to enhance our competitiveness in terms of quality, price, and delivery time.

8. Basic Stance on Selection of Accounting Methods

The Group applies "Japanese GAAP" to facilitate the comparison of consolidated financial statements with different reporting periods.

As for the adoption of "International Financial Reporting Standards (IFRS)", the Group maintains a policy of continuing to appropriately respond to the situation going forward.

9. Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2018 and 2017

ASSETS	Millions of yen	
	March 31, 2018	March 31, 2017
Current Assets:		
Cash and deposits	18,104	20,240
Notes and accounts receivable-trade	16,373	13,113
Finished products	11,734	13,186
Material in process	8,713	7,892
Raw material	5,095	4,837
Deferred tax assets	1,687	1,907
Others	1,301	1,462
Less: Allowance for doubtful accounts	(25)	(11)
Total current assets	<u>62,984</u>	<u>62,629</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,348	5,691
Machinery and vehicles	9,700	10,548
Tools and fixtures	712	587
Land	2,951	2,965
Lease assets	635	680
Construction in progress	966	399
Total tangible fixed assets	<u>20,313</u>	<u>20,872</u>
Intangible fixed assets:		
Goodwill	345	384
Others	2,610	2,989
Total intangible fixed assets	<u>2,956</u>	<u>3,374</u>
Investments and other assets:		
Investment securities	11,119	10,440
Others	2,511	2,356
Less: Allowance for doubtful accounts	(48)	(45)
Total investments and other assets	<u>13,582</u>	<u>12,751</u>
Total fixed assets	<u>36,851</u>	<u>36,998</u>
 TOTAL ASSETS	 <u>99,836</u>	 <u>99,627</u>

LIABILITIES	Millions of yen	
	March 31, 2018	March 31, 2017
Current Liabilities:		
Notes and accounts payable-trade	10,939	8,143
Short-term loans payable	—	400
Current portion of bonds	—	5,000
Current portion of long-term loans payable	2,778	3,133
Lease obligations	68	68
Accrued expenses	2,767	2,256
Income taxes payable	479	202
Allowance for directors' and corporate auditors' bonuses	60	60
Others	2,484	1,595
Total current liabilities	19,577	20,861
Long-Term Liabilities:		
Corporate bonds	10,000	10,000
Long-term loans payable	8,516	8,133
Lease obligations	498	561
Deferred tax liabilities	1,456	1,177
Net defined benefit liabilities	15	182
Others	104	105
Total long-term liabilities	20,592	20,160
TOTAL LIABILITIES	40,170	41,021
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,887	12,887
Retained earnings	33,544	32,801
Treasury stock	(1,169)	(801)
Total shareholders' equity	54,795	54,420
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	4,450	3,975
Deferred gains or losses on hedges	0	6
Foreign currency translation adjustments	(154)	(104)
Remeasurements of defined benefit plans	125	(82)
Total accumulated other comprehensive income	4,422	3,795
Subscription rights to shares	76	30
Non-controlling interests	372	359
TOTAL NET ASSETS	59,666	58,605
TOTAL LIABILITIES AND NET ASSETS	99,836	99,627

Consolidated Statements of Income

Years ended March 31, 2018 and 2017

	Millions of yen	
	March 31, 2018	March 31, 2017
Net Sales	55,228	44,130
Cost of Sales	39,401	31,206
Gross Profit	15,826	12,924
Selling, General and Administrative Expenses	13,177	11,778
Operating Profit	2,649	1,145
Non-Operating Income:		
Interest income	14	14
Dividend income	199	199
Insurance income	75	0
Others	162	173
	452	388
Non-Operating Expenses:		
Interest expenses	129	123
Sales discounts	233	139
Loss on retirement of fixed assets	44	37
Foreign exchange losses	239	240
Others	57	88
	704	628
Ordinary Profit	2,397	905
Extraordinary income:		
Gain on sales of fixed assets	39	—
Compensation for transfer	250	—
	289	—
Extraordinary Losses:		
Dismantlement expenses	197	—
	197	—
Profit Before Income Taxes	2,489	905
Income Taxes:		
Current	597	134
Deferred	217	1,050
	815	1,184
Profit (loss)	1,674	(278)
Profit (loss) attributable to non-controlling interests	(4)	12
Profit (loss) attributable to owners of parent	1,678	(291)

Consolidated Statements of Comprehensive Income

Years ended March 31, 2018 and 2017

	Millions of yen	
	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Profit (loss)	1,674	(278)
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	474	1,797
Deferred gains or losses on hedges	(6)	11
Foreign currency translation adjustments	(32)	(266)
Remeasurements of defined benefit plans	207	85
Total Other Comprehensive Income	<u>643</u>	<u>1,627</u>
Comprehensive Income	<u>2,317</u>	<u>1,348</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	2,304	1,334
Comprehensive income attributable to non-controlling interests	12	13

Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2017	9,533	12,887	32,801	(801)	54,420
Changes during the period					
Cash dividends	—	—	(935)	—	(935)
Profit attributable to owners of parent	—	—	1,678	—	1,678
Acquisition of treasury stock	—	—	—	(420)	(420)
Disposal of treasury stock	—	—	—	51	51
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	742	(368)	374
As of March 31, 2018	9,533	12,887	33,544	(1,169)	54,795

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
As of April 1, 2017	3,975	6	(104)	(82)	3,795	30	359	58,605
Changes during the period								
Cash dividends	—	—	—	—	—	—	—	(935)
Profit attributable to owners of parent	—	—	—	—	—	—	—	1,678
Acquisition of treasury stock	—	—	—	—	—	—	—	(420)
Disposal of treasury stock	—	—	—	—	—	—	—	51
Net changes in items other than shareholders' capital	474	(6)	(49)	207	626	46	12	685
Total changes during the period	474	(6)	(49)	207	626	46	12	1,060
As of March 31, 2018	4,450	0	(154)	125	4,422	76	372	59,666

For the fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2016	9,533	12,887	34,034	(620)	55,833
Changes during the period					
Cash dividends	—	—	(941)	—	(941)
Loss attributable to owners of parent	—	—	(291)	—	(291)
Acquisition of treasury stock	—	—	—	(280)	(280)
Disposal of treasury stock	—	—	(0)	99	99
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	(1,232)	(180)	(1,413)
As of March 31, 2017	9,533	12,887	32,801	(801)	54,420

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income			
As of April 1, 2016	2,177	(4)	163	(167)	2,169	18	35	58,056
Changes during the period								
Cash dividends	—	—	—	—	—	—	—	(941)
Loss attributable to owners of parent	—	—	—	—	—	—	—	(291)
Acquisition of treasury stock	—	—	—	—	—	—	—	(280)
Disposal of treasury stock	—	—	—	—	—	—	—	99
Net changes in items other than shareholders' capital	1,797	11	(268)	85	1,626	11	324	1,962
Total changes during the period	1,797	11	(268)	85	1,626	11	324	549
As of March 31, 2017	3,975	6	(104)	(82)	3,795	30	359	58,605

Consolidated Statements of Cash Flows

Years ended March 31, 2018 and 2017

	Millions of yen	
	March 31, 2018	March 31, 2017
Cash Flows from Operating Activities:		
Profit before income taxes	2,489	905
Depreciation and amortization	3,094	2,596
Increase (Decrease) in allowance for doubtful accounts	18	(4)
Increase (Decrease) in allowance for directors' and corporate auditors' bonuses	—	(10)
Decrease in net defined benefit liabilities	(184)	(255)
Interest and dividend income	(214)	(214)
Interest expenses	129	123
Loss on retirement of fixed assets	44	37
Compensation for transfer	(250)	—
Dismantlement expenses	197	—
Decrease (Increase) in notes and accounts receivable-trade	(3,196)	(2,264)
Decrease (Increase) in inventories	410	2,984
Decrease (Increase) in other accounts receivable	(107)	329
Increase (Decrease) in notes and accounts payable-trade	2,704	686
Increase (Decrease) in accrued expenses	326	(133)
Others-net	228	552
Subtotal	5,688	5,333
Interest and dividend income received	214	214
Interest expenses paid	(139)	(114)
Proceeds from compensation for transfer	250	—
Income taxes refund(paid)	29	(451)
Net cash provided by operating activities	6,043	4,981

	Millions of yen	
	March 31, 2018	March 31, 2017
Cash Flows from Investing Activities:		
Payments into time deposits	(83)	(247)
Proceeds from time deposits	201	571
Payments for purchase of property, plant and equipment	(1,539)	(3,756)
Payments for purchase of intangible assets	(143)	(439)
Payments for purchase of investment securities	(18)	(17)
Payments for purchase of insurance funds	(260)	(268)
Proceeds from cancellation of insurance funds	532	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,211)
Others-net	(68)	(6)
Net cash used in investing activities	(1,379)	(5,376)
Cash Flows from Financing Activities:		
Increase in short-term loans payable	2,500	1,800
Decrease in short-term loans payable	(2,897)	(1,800)
Proceeds from long-term loans payable	3,420	7,098
Repayments of long-term loans payable	(3,391)	(3,818)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	(5,000)	—
Redemption of convertible bonds with subscription rights to shares	—	(4,999)
Cash dividends paid	(935)	(941)
Payments for purchase of treasury stock	(420)	(280)
Others-net	28	67
Net cash provided by (used in) financing activities	(6,696)	7,126
Effect of exchange rate change on cash and cash equivalents	11	(78)
Net increase (decrease) in cash and cash equivalents	(2,020)	6,653
Cash and cash equivalents at beginning of year	20,040	13,386
Cash and cash equivalents at end of year	18,019	20,040

10. Notes

(Notes on the Premise of a Going Concern)

There are no applicable articles.

(Additional Information)

(Accounting procedures for the ESOP trust)

At the Board of Directors meeting held on February 13, 2018, and it was decided that the employee incentive plan, an ESOP trust, would be re-introduced. The aim of this re-introduction is to further enhance the employee benefits system, which supports the growth of the Company. We also aim to improve medium- to long-term corporate value and raise awareness among employees of the Company's business performance and share price by providing incentives to raise the share price.

Furthermore, the ESOP trust that was introduced in February 2013 was closed on March 14, 2018, the end date of the trust designated upon its introduction.

(1) Outline of Trades

The ESOP trust (hereafter referred to as the Trust Account) was established by the Company to cover employees enrolled in the Company's Stock Ownership Association who fulfill certain criteria for becoming beneficiaries. Within a predetermined acquisition period, the Trust Account acquires shares of treasury stock in a number equivalent to that which the Company's Stock Ownership Association expects to acquire over the five years, and then sells on said stock to the Company's Stock Ownership Association on a set day every subsequent month. At the end of the term of the trust, if the Trust Account records a profit due to higher share prices, this profit shall be distributed to the beneficiaries in proportion to their individual contributions. If the Trust Account records a loss on transfer due to lower share prices and debt is incurred on trust assets, no additional burden will be imposed on employees as the Company will repay the bank in one lump sum in accordance with the warranty of the loan agreement.

(2) Treasury Shares Remaining in the Trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets at carrying value (net of associated costs) . The carrying value and number of such treasury shares were ¥48 million and 113,000 shares respectively at March 31, 2017 and ¥416 million and 480,000 shares respectively at March 31, 2018.

(3) Carrying Value of Loans Recorded through Application of the Gross Price Method

As of March 31, 2017: ¥66 million; As of March 31, 2018: ¥420 million

(Statement of Changes in Consolidated Shareholders' Equity)

For the fiscal Year ended March 31, 2018

1. Class and Number of Shares Issued

	As of April 1, 2017 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2018 (Shares)
Common stock	73,501,425	—	—	73,501,425

2. Class and Number of Treasury stock

	As of April 1, 2017 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2018 (Shares)
Common stock	1,638,790	484,842	118,100	2,005,532

Notes: 1. The 480,100 shares held by the ESOP trust are included in treasury stock at March 31, 2018.

2. The increase of 342 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The increase of 484,500 shares of treasury stock is due to purchase of treasury stock by the ESOP trust.

4. The decrease of 118,100 shares of treasury stock is due to sales of shares by the ESOP trust to the Employee Stock Ownership Association.

3. Subscription rights

	Breakdown of subscription rights	Type of shares subject to subscription rights	Number of shares subject to subscription rights (Shares)				Balance as of March 31,2018 (Millions of yen)
			As of April 1, 2017	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2018	
The Company	Stock Options as Subscription Rights	—	—	—	—	—	76
Total			—	—	—	—	76

4. Dividend

(1) Dividend Paid

Resolution	Class of Stock	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 29, 2017	Common stock	467	6.50	March 31, 2017	June 30, 2017
Board of directors on November 6, 2017	Common stock	467	6.50	September 30, 2017	December 6, 2017

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 29, 2017, include ¥0 million to be paid as dividends on the 113,700 shares of treasury stock held to date by the ESOP trust.

2. Total dividends, based on a resolution at a meeting of Board of Directors held on November 6, 2017, include ¥0 million to be paid as dividends on the 43,000 shares of treasury stock held to date by the ESOP trust.

(2) Dividend with a record date that falls within the current fiscal period under review and an effective date in the following fiscal period

Resolution	Class of stock	Resource of dividend	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 28, 2018	Common stock	Retained earnings	467	6.50	March 31, 2018	June 29, 2018

Note: Total dividends include ¥3 million to be paid as dividends on the 480,100 shares of treasury stock held to date by the ESOP trust.

For the fiscal Year ended March 31, 2017

1. Class and Number of Shares Issued

	As of April 1, 2016 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2017 (Shares)
Common stock	73,501,425	—	—	73,501,425

2. Class and Number of Treasury stock

	As of April 1, 2016 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2017 (Shares)
Common stock	1,140,077	730,513	231,800	1,638,790

Notes: 1. The 113,700 shares held by the ESOP trust are included in treasury stock at March 31, 2017.

2. The increase of 513 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The increase of 730,000 shares of treasury stock is due to acquisition of treasury stock based on a resolution passed at a meeting of Board of Directors.

4. The decrease of 7,500 shares of treasury stock is due to exercise of the share option rights.

5. The decrease of 224,300 shares of treasury stock is due to sales of shares by the ESOP trust to the Employee Stock Ownership Association.

3.Subscription rights

	Breakdown of subscription rights	Type of shares subject to subscription rights	Number of shares subject to subscription rights (Shares)				Balance as of March 31,2017 (Millions of yen)
			As of April 1, 2016	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2017	
The Company	Second Series of Unsecured Convertible Bonds with Subscription Rights (Issued April 19, 2011)	Common stock	7,750,387	—	7,750,387	—	Note
	Stock Options as Subscription Rights	—	—	—	—	—	30
Total			7,750,387	—	7,750,387	—	30

Notes: 1. The total amount of convertible bonds with subscription rights shall be recorded as liabilities at the time of issuance pursuant to the issuance of straight bonds.

2. The decrease of 7,750,387 shares of treasury stock is due to redemption of convertible bonds with subscription rights.

4. Dividend

(1) Dividend Paid

Resolution	Class of Stock	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 29, 2016	Common stock	472	6.50	March 31, 2016	June 30, 2016
Board of directors on November 7, 2016	Common stock	468	6.50	September 30, 2016	December 7, 2016

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 29, 2016, include ¥2 million to be paid as dividends on the 338,000 shares of treasury stock held to date by the ESOP trust.

2. Total dividends, based on a resolution at a meeting of Board of Directors held on November 7, 2016, include ¥1 million to be paid as dividends on the 207,400 shares of treasury stock held to date by the ESOP trust.

(2) Dividend with a record date that falls within the current fiscal period under review and an effective date in the following fiscal period

Resolution	Class of stock	Resource of dividend	Total Dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective Date
Ordinary general meeting of shareholders on June 29, 2017	Common stock	Retained earnings	467	6.50	March 31, 2017	June 30, 2017

Note: Total dividends include ¥0 million to be paid as dividends on the 113,700 shares of treasury stock held to date by the ESOP trust.

(Consolidated Statements of Cash Flows)

1. Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets

	Millions of yen	
	March 31, 2018	March 31, 2017
Cash and deposits	18,104	20,240
Time deposits with maturity exceeding three months	(84)	(200)
Cash and cash equivalents at end of year	18,019	20,040

2. Major non-cash transactions

Assets and liabilities related to finance leases are as follows.

	Millions of yen	
	March 31, 2018	March 31, 2017
Assets related to finance leases	814	814
Liabilities related to finance leases	566	629

(Business combination related data)

Business combination through acquisition

1. Confirmation of temporary accounting procedures related to business combinations

Regarding the business combination of UBC (Shanghai) Precision Bearing Manufacturing Co., Ltd. and UBC (Suzhou) Bearing Co., Ltd., which was executed on January 13, 2017, the temporary accounting procedures that were used in the previous fiscal year have been confirmed for the fiscal year under review.

In addition, no revisions have been made to the amount of goodwill.

2. Amount of goodwill recognized and related matters

(1) Amount of goodwill recognized

¥384 million

(2) Reason for recognition

In light of the acquired businesses' expected excess earnings power in the context of future business expansion, goodwill has been recognized.

(3) Amortization method and period

The straight-line method over a decade.

(Segment Information)

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components on an integrated basis, the disclosure of segment information has been omitted.

(Per Share Information)

	Yen	
	March 31, 2018	March 31, 2017
Net assets per share	828.26	810.11
Earnings per share	23.35	(4.04)
Diluted earnings per share	23.30	—

Notes: 1. Diluted earnings per share for the fiscal year ending March 31, 2017 has not been recorded, because, although there are residual securities, the Group posted a net loss per share.

2. Basis for calculations of earnings per share and diluted earnings per share is as follows.

	Millions of yen	
	March 31, 2018	March 31, 2017
Earnings per share		
Profit (loss) attributable to owners of parent	1,678	(291)
Value not attributed to common stock	—	—
Profit (loss) attributable to owners of parent pertaining to common stock	1,678	(291)
Average number of shares outstanding at period-end	71,886,988shares	72,077,206shares
Diluted earnings per share		
Adjustment value of profit attributable to owners of parent	—	—
Increase in number of shares outstanding (of which subscription rights to shares)	144,828 (144,828)	—
Residual shares not included in the calculation of diluted net income per share because they have no dilutive effect	—	—

3. With regard to the computation of the number of shares outstanding at period-end, which is used to determine net assets per share, and the average number of shares outstanding at period-end, which is used to determine earnings per share for the period, the shares held by the ESOP trust are included in treasury stock.

(Important Subsequent Events)

There are no applicable articles.