

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 7, 2009

**Consolidated Financial Report  
for the First Quarter of the Fiscal Year Ending March 31, 2010**

Representative: Akira Yamashita, President and Representative Director

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

Telephone: +81-3-3448-5824

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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, 2010  
(From April 1, 2009 to June 30, 2009)****(1) Results of Consolidated Operations**

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
<b>June 30, 2009</b>	<b>4,760</b>	<b>(63.9)</b>	<b>(1,511)</b>	-	<b>(1,425)</b>	-	<b>(1,013)</b>	-
June 30, 2008	13,168	-	2,084	-	2,213	-	1,338	-

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.

	Net income per share (Yen)	Diluted net income per share (Yen)
<b>June 30, 2009</b>	<b>(13.79)</b>	-
June 30, 2008	18.22	16.44

**(2) Consolidated Financial Position**

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>June 30, 2009</b>	<b>78,532</b>	<b>55,771</b>	<b>71.0</b>	<b>759.25</b>
March 31, 2009	81,021	55,733	68.8	758.70

Reference: shareholders' equity

Three-month period ended June 30, 2009: 55,771 million yen

Fiscal year ended March 31, 2009: 55,733 million yen

## 2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
<b>2010 (Forecast)</b>		-	-	-	-
<b>2010</b>	-				
2009	-	8.00	-	3.00	11.00

Note: Change in the current three-month period ended June 30, 2009, to dividend forecast: None

Forecast of dividends per share for the year ending March 31, 2010, is not yet decided.

## 3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2010

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2009	9,200	(64.2)	(3,100)	-	(3,200)	-
Year ending March 31, 2010	-	-	-	-	-	-

	Net income	Percentage change	Net income per share (Yen)
Six-month period ending September 30, 2009	(3,400)	-	(46.28)
Year ending March 31, 2010	-	-	-

Notes: 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.

Change in the current three-month period ended June 30, 2009, to operating performance forecast: None

Forecast of full fiscal year consolidated operating performance for the fiscal year ending March 31, 2010, is not yet decided.

#### 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 simplified accounting method and special accounting methods of the quarterly consolidated financial statements: Yes

Note: For further details, please refer to “4.Others” of “Operating Results and Financial Position” on pages 7.

- (3) Changes in principles, procedures, methods of presentation, etc. related to the quarterly consolidated financial statements (Changes in significant items that form the basis for the preparation and presentation of the quarterly consolidated financial statements)

Changes related to revisions in accounting principles: None

Changes other than those in above: None

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

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

Three-month period ended June 30, 2009: 73,499,875 shares

Fiscal year ended March 31, 2009: 73,499,875 shares

Number of treasury stock

Three-month period ended June 30, 2009: 42,975 shares

Fiscal year ended March 31, 2009: 40,737 shares

Average number of shares outstanding at period-end

Three-month period ended June 30, 2009: 73,457,540 shares

Three-month period ended June 30, 2008: 73,467,178 shares

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

1. Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the “Group”) as of the date of this document, August 7, 2009. 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 “3.Outlook” of “Operating Results and Financial Position” on page 6.
2. In view of the uncertainties in the business environment at this time, the per-share dividend forecast for the fiscal year ending March 31, 2010, will be determined taking into account performance trends. The dividend amount will be promptly disclosed when this becomes possible.

## **Operating Results and Financial Position**

### **1. Analysis of Operating Results**

From the aspect of the rapid slowdown triggered by the global financial crisis and despite having shown signs of bottoming out, the Japanese economy remained in the doldrums in the three-month period ended June 30, 2009. In the meantime, overseas, China was also showing signs of recovery as a result of fiscal policy, but economic conditions in all Western countries remained stagnant.

Under these circumstances, the Group gave the utmost priority to improving its earnings structure, made progress with such initiatives as optimizing its production system tailored to demand development and market trends and implemented thorough cost-cutting measures.

From the sales perspective, in addition to continuing to develop its “user-centered, proposal-based sales approach” by, for example, directly visiting users and holding small-scale exhibitions, the Group strengthened its customer service in concert with its domestic and overseas operations and focused on securing orders.

From the product development standpoint, the Group endeavored to stimulate demand, developing and marketing extra high-rigidity and accurate products for one of its mainstay products, the smooth-motion, highly reliable “Four Rows of Cylindrical Roller-type Linear Motion Guide.”

From the production standpoint, the Group implemented an optimal production system to keep pace with trends in orders and pushed ahead with manufacturing cost reductions.

However, in a harsh economic environment and greatly impacted by such factors as inventory adjustments and production cutbacks at its major customers, the Group’s net sales declined 63.9% compared with the corresponding period of the previous fiscal year, to ¥4,760 million. On the earnings front, due to the significant fall in sales and the associated decrease in operating capacity, an operating loss of ¥1,511 million was recorded, marking a turnaround from the operating income of ¥2,084 million posted in the corresponding period of the previous fiscal year. Also recorded were an ordinary loss for the quarter of ¥1,425 million (reversing ordinary income of ¥2,213 million in the corresponding period of the previous fiscal year) and a net loss of ¥1,013 million (reversing net income of ¥1,338 million).

### ***Business Segment Information***

Because the Group manufactures and sells Needle Roller Bearings, Linear Motion Rolling Guides, and Machine Components on an integrated basis, business segment information is not provided.

As a result, sales in Needle Roller Bearings, Linear Motion Rolling Guides totaled ¥4,174 million, 63.4% decrease compared to the same period in the previous year. Sales in Machine Components fell 66.6% to ¥586 million.

## Business Segment Information

	June 30, 2009		June 30, 2008		Change	
	Millions of yen	Component percentages	Millions of yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	4,174	87.7	11,413	86.7	(7,239)	(63.4)
Machine Components	586	12.3	1,754	13.3	(1,168)	(66.6)
Total net sales	4,760	100.0	13,168	100.0	(8,408)	(63.9)

## Geographic Segment Information

### Japan

In the domestic market, there was a significant downturn in orders from sales agencies in addition to those from the Group's major customers—for the electronics-related industries, such as semiconductor and electronic components mounting equipment and machine tools—due to reductions in or freezing of private capital investment brought about by worsening corporate performance. Exports plummeted due to the sudden global economic downturn. As a result, net sales dropped 69.6% compared with the corresponding period of the previous fiscal year, to ¥3,174 million. An ordinary loss of ¥1,416 million contrasted with operating income of ¥1,666 million recorded in the corresponding period of the previous fiscal year.

### North America

Amid the ongoing economic downturn and despite robust orders for medical equipment, the Group's North American business—in addition to a significant decrease in sales for electronics-related equipment and sales agencies—was negatively impacted by foreign exchange rate fluctuations. As a result, net sales declined 42.9% to ¥695 million, turning the corresponding period of the previous year's operating income of ¥140 million into an operating loss of ¥12 million.

### Europe

Due to the rapid economic downturn, the Group's business in Europe also suffered from the negative impact of foreign exchange rate fluctuations, with significant declines in orders not only for electronics-related equipment and machine tools but also from sales agencies. As a result, net sales fell 51.1% compared with the corresponding period of the previous fiscal year, to ¥743 million, and operating income plummeted 79.4%, to ¥30 million.

## 2. Analysis of Financial Position

Total assets as of June 30, 2009, totaled ¥78,532 million, a decrease of ¥2,489 million compared with the end of the previous fiscal year. This mainly, cash and deposits decreased ¥2,074 million, notes and accounts receivable-trade fell ¥1,712 million, inventories declined ¥263 million, tangible fixed assets increased ¥776 million, and investment securities rose ¥1,014 million.

Total liabilities totaled ¥22,761 million, a decrease of ¥2,527 million compared with the end of the previous fiscal year. This mainly, short-term bank loans increased ¥159 million, long-term bank loans rose ¥500 million, notes and accounts payable-trade fell ¥3,252 million.

Total net assets amounted to ¥55,771 million, an increase of ¥38 million compared with the end of the previous fiscal year. The main components were a decrease in retained earnings of ¥938 million, and an increase of revaluation and

translation difference of ¥977 million.

### ***Cash Flows***

Cash and cash equivalents as of June 30, 2009 totaled ¥10,440 million, a decrease of ¥2,118 million from end of the previous fiscal year.

The situations of cash flows are as follows.

#### ***Cash Flows from Operating Activities***

Net cash used by operating activities was ¥1,397 million. The major reasons were depreciation and amortization of ¥712 million, a decrease in notes and accounts receivable-trade of ¥1,876 million, a decline in inventories of ¥484 million, loss before income taxes of ¥1,425 million, and a decrease in notes and accounts payable-trade of ¥3,407 million.

#### ***Cash Flows from Investing Activities***

Net cash used in investing activities totaled ¥1,578 million, the principal components being ¥1,555 million for the payment for purchase of property, plant and equipment.

The free cash flows totaling the cash flows from operating activities and the cash flows from investing activities changed to (¥2,975) million.

#### ***Cash Flows from Financing Activities***

Net cash provided by financing activities was ¥426 million. This was mainly due to net increase in short-term bank loans of ¥137 million, proceed from long-term bank loans of ¥500 million, and cash dividends paid of ¥209 million.

### **3. Outlook**

The Group has not revised the performance forecasts that it announced on May 18, 2009.

More specifically, the Group has announced consolidated performance forecasts for the six-month period ending September 30, 2009. However, in view of the extreme difficulties involved in calculating reasonable numerical estimates at the present time, full fiscal year consolidated performance forecasts will be announced at a later date. These will be promptly disclosed as and when this becomes possible.

#### 4. Others

- (1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation)

There are no applicable articles.

- (2) Adoption of simplified accounting methods and special accounting methods for the presentation of quarterly consolidated financial statements

Application of the simplified accounting method

Calculation method for depreciation of fixed assets

A pro-rata amount for the period under review based on the estimated amount of fixed assets to be acquired, sold or disposed of during the fiscal year was used as the basis for calculating depreciation of fixed assets.

For assets depreciated using the declining-balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.

Method for calculating deferred tax assets and liabilities

Since no significant changes have been recognized in the business environment after the end of the previous fiscal year and in temporary differences and other items, the recoverability of deferred tax assets has been estimated using the performance forecasts and tax planning that were used in the previous fiscal year's financial statements.

Special accounting methods for presentation of 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 income before income taxes and minority interests in the consolidated fiscal year and multiplying income before income taxes and minority interests for the three-month period of the fiscal year ending March 31, 2010, by said estimated effective tax rate.

- (3) Changes in the application of accounting policies, procedures and disclosures in the presentation of quarterly consolidated financial statements

There are no applicable articles.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

As of June 30, 2009 and March 31, 2009

ASSETS	Millions of yen	
	June 30, 2009	March 31, 2009
Current Assets:		
Cash and deposits	10,484	12,559
Notes and accounts receivable - trade	5,007	6,719
Finished products	15,382	15,696
Material in process	8,894	8,867
Raw material	6,457	6,434
Others	3,798	3,590
Less: Allowance for doubtful accounts	(31)	(22)
Total current assets	<u>49,994</u>	<u>53,844</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	8,065	8,003
Others	11,555	10,841
Net property, plant and equipment	<u>19,620</u>	<u>18,844</u>
Intangible fixed assets	239	250
Investments and other assets:		
Investment securities	5,888	4,874
Others	2,874	3,313
Less: Allowance for doubtful accounts	(84)	(106)
Total investments and other assets	<u>8,678</u>	<u>8,081</u>
Total fixed assets	<u>28,538</u>	<u>27,177</u>
 TOTAL ASSETS	 <u><u>78,532</u></u>	 <u><u>81,021</u></u>



LIABILITIES	Millions of yen	
	June 30, 2009	March 31, 2009
Current Liabilities:		
Notes and accounts payable - trade	3,422	6,675
Short-term bank loans	444	284
Current portion of long-term bank loans	755	555
Income taxes payable	41	164
Allowance for directors' and corporate auditors' bonuses	-	46
Others	3,673	3,645
Total current liabilities	8,337	11,370
Long-Term Liabilities:		
Long-term bank loans	12,467	12,167
Accrued retirement benefits	1,350	1,200
Liability for retirement benefits for directors and corporate auditors	-	275
Others	605	273
Total long-term liabilities	14,423	13,917
TOTAL LIABILITIES	22,761	25,288
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	33,691	34,630
Treasury stock	(38)	(37)
Total shareholders' equity	56,072	57,011
Revaluation and Translation difference:		
Net unrealized holding gains on available-for-sale securities	1,131	475
Foreign currency translation adjustments	(1,432)	(1,753)
Total revaluation and translation difference	(300)	(1,278)
TOTAL NET ASSETS	55,771	55,733
TOTAL LIABILITIES AND NET ASSETS	78,532	81,021

## (2) Consolidated Statements of Income

For the first quarter ended June 30, 2009 and 2008

	Millions of yen	
	June 30, 2009	June 30, 2008
Net Sales	4,760	13,168
Cost of Sales	4,130	8,342
Gross Profit	629	4,825
Selling, General and Administrative Expenses	2,141	2,740
Operating Income (Loss)	(1,511)	2,084
Non-Operating Income:		
Interest income	5	29
Dividend income	59	75
Subsidy income	83	-
Foreign currency translation gain	-	34
Others	43	22
	192	161
Non-Operating Expenses:		
Interest expenses	53	10
Sales discount	6	17
Loss on disposal of tangible fixed assets	31	-
Others	14	5
	106	33
Ordinary Income (Loss)	(1,425)	2,213
Income (Loss) before Income Taxes	(1,425)	2,213
Income Taxes:		
Current	(412)	874
Net Income (Loss)	(1,013)	1,338

### (3) Consolidated Statements of Cash Flows

For the first quarter ended June 30, 2009 and 2008

	Millions of yen	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Cash Flows from Operating Activities:		
Income (Loss) before income taxes	(1,425)	2,213
Depreciation and amortization	712	739
Decrease in account reserve	(134)	(32)
Interest and dividend income	(65)	(105)
Interest expenses	53	10
Loss on disposal of tangible fixed assets	31	-
Decrease in notes and accounts receivable - trade	1,876	29
Decrease (Increase) in inventories	484	(831)
Increase (Decrease) in notes and accounts payable - trade	(3,407)	177
Increase in accrued expenses	24	600
Others - net	540	(147)
Subtotal	<u>(1,307)</u>	<u>2,654</u>
Interest and dividend income received	65	105
Interest paid	(26)	(10)
Income taxes paid	(128)	(1,267)
Net cash provided (used) by operating activities	<u>(1,397)</u>	<u>1,481</u>
Cash Flows from Investing Activities:		
Proceeds from time deposits	-	800
Payments for purchase of property, plant and equipment	(1,555)	(973)
Others - net	(23)	(32)
Net cash used in investing activities	<u>(1,578)</u>	<u>(206)</u>
Cash Flows from Financing Activities:		
Net increase in short-term bank loans	137	158
Proceeds from long-term bank loans	500	-
Cash dividends paid	(209)	(555)
Others - net	(1)	0
Net cash provided (used) in financing activities	<u>426</u>	<u>(397)</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>116</u>	<u>(249)</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,433)</u>	<u>627</u>
Cash and cash equivalents at beginning of year	12,559	14,004
Increase in cash and cash equivalents from newly consolidated subsidiary	315	-
Cash and cash equivalents at end of period	<u><u>10,440</u></u>	<u><u>14,632</u></u>

#### (4) Notes on the Premise of a Going Concern

There are no applicable articles.

#### (5) Segment Information

##### *Segment Information by Geographic Areas*

(Millions of yen)

	First quarter ended June 30, 2009						
	Japan	North America	Europe	Other Areas	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	3,174	695	743	146	4,760	-	4,760
(2) Inter-segment sales	863	0	1	21	887	(887)	-
Total net sales	4,038	695	744	168	5,647	(887)	4,760
Operating income (loss)	(1,416)	(12)	30	(13)	(1,411)	(99)	(1,511)

(Millions of yen)

	First quarter ended June 30, 2008					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	10,432	1,217	1,518	13,168	-	13,168
(2) Inter-segment sales	1,924	0	7	1,932	(1,932)	-
Total net sales	12,357	1,217	1,526	15,100	(1,932)	13,168
Operating income	1,666	140	147	1,953	131	2,084

##### *Overseas Sales Information*

(Millions of yen)

	First quarter ended June 30, 2009			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	786	755	566	2,107
(2) Consolidated sales				4,760
(3) Ratio of overseas sales to consolidated sales	16.5%	15.9%	11.9%	44.3%

(Millions of yen)

	First quarter ended June 30, 2008			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	1,437	1,548	1,965	4,950
(2) Consolidated sales				13,168
(3) Ratio of overseas sales to consolidated sales	10.9%	11.8%	14.9%	37.6%

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

There are no applicable articles.