

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

November 9, 2009

**Consolidated Financial Report
for the Second 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

Scheduled date to submit Quarterly Annual Securities Report: November 13, 2009

Scheduled date to begin Dividend Payments: December 9, 2009

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

**1. Consolidated Operating Performance for the Six-month Period Ended September 30, 2009
(From April 1, 2009 to September 30, 2009)****(1) Results of Consolidated Operations**

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
September 30, 2009	10,352	(59.7)	(2,726)	-	(2,656)	-
September 30, 2008	25,718	-	3,514	-	3,582	-

	Net income	Percentage change	Net income per share (Yen)	Diluted net income per share (Yen)
September 30, 2009	(1,789)	-	(24.36)	-
September 30, 2008	2,150	-	29.27	26.41

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)
September 30, 2009	78,445	54,871	70.0	747.01
March 31, 2009	81,021	55,733	68.8	758.70

Reference: Shareholders' equity

As of September 30, 2009: 54,871 million yen

As of 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
2010 (Forecast)			-	-	-
2010	-	3.00			
2009	-	8.00	-	3.00	11.00

Note: Change in the current three-month period ended September 30, 2009, to dividend forecast: Yes
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
Year ending March 31, 2010	24,500	(40.7)	(5,000)	-	(5,000)	-

	Net income	Percentage change	Net income per share (Yen)
Year ending March 31, 2010	(3,000)	-	(40.84)

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 September 30, 2009, to consolidated operating performance forecast: Yes

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 for the presentation 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)

As of September 30, 2009: 73,499,875 shares

As of March 31, 2009: 73,499,875 shares

Number of treasury stock

As of September 30, 2009: 44,122 shares

As of March 31, 2009: 40,737 shares

Average number of shares outstanding at period-end

Six-month period ended September 30, 2009: 73,456,812 shares

Six-month period ended September 30, 2008: 73,465,579 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, November 9, 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

In the six-month period ended September 30, 2009, the Japanese economy showed signs of partial improvement since the sudden recessionary phase from the fall of the previous year. These signs of recovery came as a result of government measures designed to stimulate the economy and a rally in production brought about by progress made with inventory adjustments in the manufacturing industry. Employment conditions and private capital investment continued to suffer, however, and there was an undiminished and ongoing sense of uncertainty surrounding future prospects. In the meantime, overseas, Asian countries were also showing signs of recovery, but economic conditions in all Western countries remained stagnant.

Under these circumstances, the Group gave the utmost priority to improving its earnings structure.

From the sales perspective, the Group proactively promoted its key marketing strategy of a “user-centered, proposal-based sales approach” to secure orders from existing markets and to create new market demand. 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.

Despite signs of a bottoming out in some industries, however, the Group’s net sales declined 59.7% compared with the corresponding period of the previous fiscal year, to ¥10,352 million, having been greatly impacted by such factor as production cutbacks, inventory adjustments and a decrease in private capital investment that spanned the entire manufacturing industry. On the earnings front, due to the significant fall in sales and the associated decrease in operating capacity, an operating loss of ¥2,726 million was recorded, marking a turnaround from the operating income of ¥3,514 million posted in the corresponding period of the previous fiscal year. Also recorded were an ordinary loss of ¥2,656 million (reversing ordinary income of ¥3,582 million in the corresponding period of the previous fiscal year) and a net loss of ¥1,789 million (reversing net income of ¥2,150 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 and Linear Motion Rolling Guides totaled ¥9,117 million, 58.9% decrease compared to the same period in the previous year. Sales in Machine Components fell 65.2% to ¥1,235 million.

Business Segment Information

	Six-month period ended September 30, 2009		Six-month period ended September 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	9,117	88.1	22,166	86.2	(13,049)	(58.9)
Machine Components	1,235	11.9	3,552	13.8	(2,316)	(65.2)
Total net sales	10,352	100.0	25,718	100.0	(15,366)	(59.7)

Geographic Segment Information

Japan

Although electronics-related industries and certain other areas of the domestic market continued to stage a partial revival in demand, ongoing cutbacks in capital investment spanning the entire manufacturing industry resulted in a significant reduction in net sales compared with the corresponding period of the previous fiscal year. While the economic stimulus package in China produced results, and exports to Asia showed signs of picking up, in addition to the enormous reduction in demand brought about by the significant decline in the global economy, exports were also hit by foreign exchange rate fluctuations. As a result, net sales plummeted 64.0% compared with the corresponding period of the previous fiscal year to ¥7,236 million and the operating loss was ¥2,484 million, representing a turnaround from the ¥3,096 million in operating income recorded in the corresponding period of the previous fiscal year.

North America

The Group's North American business—in addition to a significant decrease in sales for sales agencies, electronics-related industries and precision machinery—was negatively impacted by foreign exchange rate fluctuations. As a result, net sales declined 43.9% to ¥1,365 million, turning the corresponding period of the previous year's operating income of ¥220 million into an operating loss of ¥29 million.

Europe

Impacted by the economic downturn, the Group's business in Europe also suffered from the foreign exchange rate fluctuations, with significant declines in orders not only for electronics-related industries but also from sales agencies. As a result, net sales fell 57.8% compared with the corresponding period of the previous fiscal year, to ¥1,338 million, turning the corresponding period of the previous year's operating income of ¥250 million into an operating loss of ¥41 million.

2. Analysis of Financial Position

Total assets as of September 30, 2009, totaled ¥78,445 million, a decrease of ¥2,575 million compared with the end of the previous fiscal year. This mainly, notes and accounts receivable-trade fell ¥1,596 million, inventories declined ¥1,360 million, and investment in securities increased ¥737 million.

Total liabilities totaled ¥23,574 million, a decrease of ¥1,714 million compared with the end of the previous fiscal year. This mainly, notes and accounts payable-trade fell ¥3,762 million, accrued expenses decreased ¥587 million, corporate bonds rose ¥2,000 million, long-term loans increased ¥1,722 million.

Total net assets amounted to ¥54,871 million, a decrease of ¥861 million compared with the end of the previous fiscal year. The main components were a decrease in retained earnings of ¥1,727 million, and an increase of revaluation and translation difference of ¥867 million.

Cash Flows

Cash and cash equivalents as of September 30, 2009, totaled ¥12,951 million, an increase of ¥392 million from end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash used by operating activities was ¥510 million. The major reasons were depreciation and amortization of ¥1,425 million, a decrease in notes and accounts receivable-trade of ¥1,772 million, a decline in inventories of ¥1,644 million, income taxes refund of ¥1,182 million, loss before income taxes of ¥2,709 million, and a decrease in notes and accounts payable-trade of ¥3,944 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,899 million, the principal components being ¥2,844 million for the payments for purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥3,387 million. This mainly, due to proceeds from corporate bonds ¥2,000 million, proceeds from long-term loans of ¥2,000 million, payments of long-term loans ¥277 million, and cash dividends paid of ¥221 million.

3. Outlook

Looking ahead, a gradual recovery is anticipated in the global economy as a combined result of each country's economic stimulus packages. It is generally thought, however, that it will take some time before economic conditions have staged a real recovery from what has been a deep recession.

Under these circumstances, while the Group is making progress with proactive sales activities, inquiries from major customers are on an upward trend. The Group will redouble its efforts to strengthen its operations from the sales perspective with a view to expanding the volume of orders received. Furthermore, in addition to building a more resilient financial structure by improving its capability to respond to a drastically changing operating environment and further reinforcing its management foundation, the Group is continuing to make efforts to maintain and reform its internal structure, reduce expenses and costs. Allowing for this situation, the Group is forecasting full-year consolidated net sales of ¥24,500 million, an operating loss of ¥5,000 million, an ordinary loss of ¥5,000 million, and a net loss of ¥3,000 million.

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) Application of simplified accounting methods and special accounting methods for the presentation of the 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 six-month period of the fiscal year ending March 31, 2010, by said estimated effective tax rate.

- (3) Changes in principles, procedures, methods of presentation, etc. related to the quarterly consolidated financial statements

There are no applicable articles.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of September 30, 2009 and March 31, 2009

ASSETS	Millions of yen	
	September 30, 2009	March 31, 2009
Current Assets:		
Cash and deposits	12,994	12,559
Notes and accounts receivable-trade	5,122	6,719
Finished products	14,553	15,696
Material in process	8,770	8,867
Raw material	6,314	6,434
Others	2,886	3,590
Less: Allowance for doubtful accounts	(31)	(22)
Total current assets	<u>50,609</u>	<u>53,844</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	7,760	8,003
Others	11,363	10,841
Total tangible fixed assets	<u>19,124</u>	<u>18,844</u>
Intangible fixed assets	228	250
Investments and other assets:		
Investment in securities	5,612	4,874
Others	2,963	3,313
Less: Allowance for doubtful accounts	(92)	(106)
Total investments and other assets	<u>8,483</u>	<u>8,081</u>
Total fixed assets	<u>27,836</u>	<u>27,177</u>
 TOTAL ASSETS	 <u><u>78,445</u></u>	 <u><u>81,021</u></u>

	Millions of yen	
LIABILITIES	<u>September 30, 2009</u>	<u>March 31, 2009</u>
Current Liabilities:		
Notes and accounts payable-trade	2,912	6,675
Short-term loans	187	284
Current portion of long-term loans	1,075	555
Income taxes payable	55	164
Allowance for directors' and corporate auditors' bonuses	0	46
Others	1,894	3,645
Total current liabilities	<u>6,124</u>	<u>11,370</u>
Long-Term Liabilities:		
Corporate bonds	2,000	-
Long-term loans	13,369	12,167
Accrued retirement benefits	1,499	1,200
Liability for retirement benefits for directors and corporate auditors	-	275
Others	580	273
Total long-term liabilities	<u>17,449</u>	<u>13,917</u>
TOTAL LIABILITIES	<u>23,574</u>	<u>25,288</u>
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	32,902	34,630
Treasury stock	(39)	(37)
Total shareholders' equity	<u>55,282</u>	<u>57,011</u>
Revaluation and Translation difference:		
Net unrealized holding gains on available-for-sale securities	991	475
Foreign currency translation adjustments	(1,402)	(1,753)
Total revaluation and translation difference	<u>(410)</u>	<u>(1,278)</u>
TOTAL NET ASSETS	<u>54,871</u>	<u>55,733</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>78,445</u></u>	<u><u>81,021</u></u>

(2) Consolidated Statements of Income

For the six-month period ended September 30, 2009 and 2008

	Millions of yen	
	September 30, 2009	September 30, 2008
Net Sales	10,352	25,718
Cost of Sales	8,799	16,575
Gross Profit	1,553	9,143
Selling, General and Administrative Expenses	4,280	5,628
Operating Income (Loss)	(2,726)	3,514
Non-Operating Income:		
Interest income	8	49
Dividend income	63	89
Subsidy income	149	-
Others	89	70
	310	209
Non-Operating Expenses:		
Interest expenses	114	21
Sales discount	13	32
Loss on disposal of tangible fixed assets	34	33
Foreign currency translation loss	30	36
Others	47	17
	240	142
Ordinary Income (Loss)	(2,656)	3,582
Extraordinary income:		
Gain on sales of investment in securities	-	4
	-	4
Extraordinary loss:		
Loss from write-down of investment in securities	52	3
	52	3
Income (Loss) before Income Taxes	(2,709)	3,583
Income Taxes	(920)	1,433
Net Income (Loss)	(1,789)	2,150

(3) Consolidated Statements of Cash Flows

For the six-month period ended September 30, 2009 and 2008

	Millions of yen	
	September 30, 2009	September 30, 2008
Cash Flows from Operating Activities:		
Income (Loss) before income taxes	(2,709)	3,583
Depreciation and amortization	1,425	1,525
Increase in account reserve	15	13
Interest and dividend income	(72)	(138)
Interest expenses	114	21
Loss on disposal of tangible fixed assets	34	-
Loss from write-down of investment in securities	52	-
Decrease in notes and accounts receivable-trade	1,772	582
Decrease (Increase) in inventories	1,644	(2,190)
Increase (Decrease) in notes and accounts payable-trade	(3,944)	630
Decrease in accrued expenses	(640)	-
Others-net	664	(87)
Subtotal	(1,641)	3,939
Interest and dividend income received	72	138
Interest paid	(123)	(21)
Income taxes refund (paid)	1,182	(1,368)
Net cash provided (used) by operating activities	(510)	2,688
Cash Flows from Investing Activities:		
Proceeds from time deposits	-	800
Payments for purchase of property, plant and equipment	(2,844)	(1,626)
Others-net	(55)	102
Net cash used in investing activities	(2,899)	(723)
Cash Flows from Financing Activities:		
Net decrease in short-term loans	(111)	(139)
Proceeds from long-term loans	2,000	6,000
Repayments of long-term loans	(277)	-
Proceeds from corporate bonds	2,000	-
Repayments of convertible bond	-	(7,586)
Cash dividends paid	(221)	(587)
Others-net	(1)	(2)
Net cash provided (used) in financing activities	3,387	(2,315)
Foreign currency translation adjustments on cash and cash equivalents	99	(105)
Net increase (decrease) in cash and cash equivalents	77	(456)
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	12,951	13,548

(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)

	For the six-month period ended September 30, 2009						
	Japan	North America	Europe	Other Areas	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	7,236	1,365	1,338	412	10,352	-	10,352
(2) Inter-segment sales	1,746	2	2	43	1,795	(1,795)	-
Total net sales	8,982	1,367	1,341	456	12,148	(1,795)	10,352
Operating income (loss)	(2,484)	(29)	(41)	1	(2,553)	(172)	(2,726)

(Millions of yen)

	For the six-month period ended September 30, 2008					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	20,113	2,435	3,170	25,718	-	25,718
(2) Inter-segment sales	3,869	3	10	3,883	(3,883)	-
Total net sales	23,982	2,439	3,180	29,602	(3,883)	25,718
Operating income	3,096	220	250	3,567	(52)	3,514

Overseas Sales Information

(Millions of yen)

	For the six-month period ended September 30, 2009			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	1,555	1,371	1,484	4,411
(2) Total net sales				10,352
(3) Ratio of overseas sales to total net sales	15.0%	13.2%	14.4%	42.6%

(Millions of yen)

	For the six-month period ended September 30, 2008			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	2,882	3,224	3,673	9,780
(2) Total net sales				25,718
(3) Ratio of overseas sales to total net sales	11.2%	12.5%	14.3%	38.0%

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

There are no applicable articles.