

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 8, 2010

**Consolidated Financial Report
for the Nine-Month Period Ended December 31, 2009**

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: February 12, 2010

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

**1. Consolidated Operating Performance for the Nine-month Period Ended December 31, 2009
(From April 1, 2009 to December 31, 2009)****(1) Results of Consolidated Operations**

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
December 31, 2009	17,162	(51.8)	(4,688)	-	(4,712)	-
December 31, 2008	35,618	-	3,811	-	3,774	-

	Net income	Percentage change	Net income per share (Yen)	Diluted net income per share (Yen)
December 31, 2009	(2,864)	-	(39.00)	-
December 31, 2008	886	-	12.06	11.38

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)
December 31, 2009	80,171	53,275	66.5	725.28
March 31, 2009	81,021	55,733	68.8	758.70

Reference: Shareholders' equity

As of December 31, 2009: 53,275 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 December 31, 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
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 December 31, 2009, 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 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 page 6.

(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 December 31, 2009: 73,499,875 shares

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

Number of treasury stock

As of December 31, 2009: 44,921 shares

As of March 31, 2009: 40,737 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2009: 73,456,345 shares

Nine-month period ended December 31, 2008: 73,464,065 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, February 8, 2010. 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 nine-month period ended December 31, 2009, Japan's economy has shown signs of gradual recovery from the worldwide economic slowdown thanks to the economic stimulus policies of various countries and has shifted to a moderate recovery track, particularly with regard to its exports to Asian countries. In this business environment, however, on the whole harsh economic conditions have persisted, including sluggish private capital investment, the strong yen and deflation. Turning abroad, U.S. economic recovery has been gradual, while Europe's economy remained weak.

Under these conditions, the Group continued to improve its earnings structure, expand sales while it cut expenses, reduced costs and strengthened its financial standing.

From the sales perspective, the Group continued to actively deploy its "user-centered, proposal-based sales approach." This approach involves direct visits to users and holding small-scale exhibitions and technical seminars for domestic and overseas customers in China and other countries in order to develop business with existing customers and gain new customers. On the production standpoint, the Group has focused on rationalizing and streamlining production as well as manufacturing cost reductions.

Orders have recently rebounded, but since recovery from the worldwide economic recession has been slow, demand has bounced back weakly and the Group's net sales were declined 51.8% compared with the corresponding period of the previous fiscal year, to ¥17,162 million. On the earnings front, an operating loss of ¥4,688 million was recorded, a turnaround from operating income of ¥3,811 million posted in the corresponding period of the previous fiscal year. Also recorded were an ordinary loss of ¥4,712 million (reversing ordinary income of ¥3,774 million in the corresponding period of the previous fiscal year) and a net loss of ¥2,864 million (reversing net income of ¥886 million in the corresponding period of the previous fiscal year).

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 ¥14,948 million, 51.3% decrease compared to the same period in the previous year. Sales in Machine Components fell 54.9% compared with the corresponding period of the previous fiscal year, to ¥2,214 million.

Geographic Segment Information

Japan

Although some industry sectors in Japan showed signs of a bounce back in demand, the ongoing downturn in private capital investment resulted in a significant reduction in net sales compared with the corresponding period of the previous fiscal year. While demand in Asian countries showed signs of an upsurge, exports were negatively affected by foreign exchange rate fluctuations. As a result, net sales plummeted 54.4% compared with the corresponding period of the previous fiscal year to

¥12,453 million and an operating loss of ¥4,481 million was recorded, compared with operating income of ¥3,274 million recorded in the corresponding period of the previous fiscal year.

North America

The Group's North American businesses—in addition to a slow recovery rate for the market as a whole—were negatively affected by foreign exchange rate fluctuations. Consequently, net sales declined 43.3% to ¥2,058 million, reversing the previous year's operating income of ¥342 million into an operating loss of ¥2 million.

Europe

The Group's business in Europe also suffered from foreign exchange rate fluctuations, with demand in such key industries as electronics-related industries and precision machinery lagging behind and orders from agencies stagnant. As a result, net sales fell 58.4% compared with the corresponding period of the previous fiscal year, to ¥1,938 million, turning the operating income of ¥345 million recorded in the corresponding period of the previous year into an operating loss of ¥40 million.

2. Analysis of Financial Position

Total assets as of December 31, 2009, totaled ¥80,171 million, a decrease of ¥850 million compared with the end of the previous fiscal year. This mainly, notes and accounts receivable-trade fell ¥555 million, inventories declined ¥3,785 million, cash and deposits rose ¥2,535 million, and investment in securities increased ¥1,071 million.

Total liabilities totaled ¥26,895 million, an increase of ¥1,607 million compared with the end of the previous fiscal year. This mainly, notes and accounts payable-trade fell ¥3,058 million, accrued expenses decreased ¥738 million, corporate bonds rose ¥4,000 million, long-term loans increased ¥1,592 million.

Total net assets amounted to ¥53,275 million, a decrease of ¥2,458 million compared with the end of the previous fiscal year. The main components were a decrease in retained earnings of ¥3,013 million, and an increase of revaluation and translation difference of ¥557 million.

Cash Flows

Cash and cash equivalents as of December 31, 2009, totaled ¥15,055 million, an increase of ¥2,496 million from end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥106 million. The major reasons were depreciation and amortization of ¥2,183 million, a decrease in inventories of ¥3,892 million, income taxes refund of ¥1,319 million, loss before income taxes of ¥4,592 million, and a decrease in notes and accounts payable-trade of ¥3,205 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,157 million, the principal components being ¥3,046 million for the payments for purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥5,221 million. This mainly, due to proceeds from long-term loans of ¥2,000 million, proceeds from corporate bonds ¥4,000 million, payments of long-term loans ¥407 million, and cash dividends paid of ¥430 million.

3. Outlook

The Group has not revised the performance forecasts that it announced on November 9, 2009.

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 methods

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 nine-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 December 31, 2009 and March 31, 2009

ASSETS	Millions of yen	
	December 31, 2009	March 31, 2009
Current Assets:		
Cash and deposits	15,094	12,559
Notes and accounts receivable-trade	6,163	6,719
Finished products	12,625	15,696
Material in process	8,444	8,867
Raw material	6,142	6,434
Others	3,696	3,590
Less: Allowance for doubtful accounts	(34)	(22)
Total current assets	<u>52,133</u>	<u>53,844</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	7,467	8,003
Others	11,602	10,841
Total tangible fixed assets	<u>19,070</u>	<u>18,844</u>
Intangible fixed assets	207	250
Investments and other assets:		
Investment in securities	5,945	4,874
Others	2,907	3,313
Less: Allowance for doubtful accounts	(92)	(106)
Total investments and other assets	<u>8,761</u>	<u>8,081</u>
Total fixed assets	<u>28,038</u>	<u>27,177</u>
TOTAL ASSETS	<u><u>80,171</u></u>	<u><u>81,021</u></u>

LIABILITIES	Millions of yen	
	December 31, 2009	March 31, 2009
Current Liabilities:		
Notes and accounts payable-trade	3,616	6,675
Short-term loans	358	284
Current portion of long-term loans	1,075	555
Income taxes payable	0	164
Allowance for directors' and corporate auditors' bonuses	0	46
Others	2,418	3,645
Total current liabilities	<u>7,469</u>	<u>11,370</u>
Long-Term Liabilities:		
Corporate bonds	4,000	-
Long-term loans	13,239	12,167
Accrued retirement benefits	1,632	1,200
Liability for retirement benefits for directors and corporate auditors	-	275
Others	553	273
Total long-term liabilities	<u>19,426</u>	<u>13,917</u>
TOTAL LIABILITIES	<u>26,895</u>	<u>25,288</u>
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	31,616	34,630
Treasury stock	(39)	(37)
Total shareholders' equity	<u>53,996</u>	<u>57,011</u>
Revaluation and Translation difference:		
Net unrealized holding gains on available-for-sale securities	1,007	475
Foreign currency translation adjustments	(1,728)	(1,753)
Total revaluation and translation difference	<u>(720)</u>	<u>(1,278)</u>
TOTAL NET ASSETS	<u>53,275</u>	<u>55,733</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>80,171</u></u>	<u><u>81,021</u></u>

(2) Consolidated Statements of Income

For the nine-month period ended December 31, 2009 and 2008

	Millions of yen	
	December 31, 2009	December 31, 2008
Net Sales	17,162	35,618
Cost of Sales	15,436	23,574
Gross Profit	1,726	12,043
Selling, General and Administrative Expenses	6,414	8,232
Operating Income (Loss)	(4,688)	3,811
Non-Operating Income:		
Interest income	11	67
Dividend income	86	129
Subsidy income	168	-
Others	107	135
	373	331
Non-Operating Expenses:		
Interest expenses	181	62
Foreign currency translation loss	36	182
Others	179	124
	397	368
Ordinary Income (Loss)	(4,712)	3,774
Extraordinary income:		
Gain on sales of fixed assets	176	-
Gain on sales of investment in securities	-	4
	176	4
Extraordinary loss:		
Loss from write-down of investment in securities	56	1,374
	56	1,374
Income (Loss) before Income Taxes	(4,592)	2,404
Income Taxes	(1,728)	1,518
Net Income (Loss)	(2,864)	886

(3) Consolidated Statements of Cash Flows

For the nine-month period ended December 31, 2009 and 2008

	Millions of yen	
	December 31, 2009	December 31, 2008
Cash Flows from Operating Activities:		
Income (Loss) before income taxes	(4,592)	2,404
Depreciation and amortization	2,183	2,437
Increase in account reserve	152	138
Interest and dividend income	(97)	(196)
Interest expenses	181	62
Gain on sales of fixed assets	(175)	-
Loss from write-down of investment in securities	56	1,374
Decrease in notes and accounts receivable-trade	693	2,579
Decrease (Increase) in inventories	3,892	(4,283)
Decrease in notes and accounts payable-trade	(3,205)	(322)
Decrease in accrued expenses	(824)	(634)
Others-net	579	(117)
Subtotal	<u>(1,159)</u>	<u>3,443</u>
Interest and dividend income received	97	196
Interest paid	(151)	(29)
Income taxes refund (paid)	1,319	(2,715)
Net cash provided by operating activities	<u>106</u>	<u>894</u>
Cash Flows from Investing Activities:		
Proceeds from time deposits	-	800
Payments for purchase of property, plant and equipment	(3,046)	(3,878)
Proceeds from sales of property, plant and equipment	240	-
Payments for purchase of investment securities	(266)	(275)
Others-net	(85)	584
Net cash used in investing activities	<u>(3,157)</u>	<u>(2,769)</u>
Cash Flows from Financing Activities:		
Net increase in short-term loans	61	730
Proceeds from long-term loans	2,000	7,500
Repayments of long-term loans	(407)	-
Proceeds from corporate bonds	4,000	-
Repayments of convertible bond	-	(7,586)
Cash dividends paid	(430)	(1,144)
Others-net	(2)	(4)
Net cash provided (used) in financing activities	<u>5,221</u>	<u>(504)</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>10</u>	<u>(230)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,180</u>	<u>(2,608)</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>15,055</u>	<u>11,396</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)

	For the nine-month period ended December 31, 2009						
	Japan	North America	Europe	Other Areas	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	12,453	2,058	1,938	712	17,162	-	17,162
(2) Inter-segment sales	2,899	4	4	64	2,973	(2,973)	-
Total net sales	15,353	2,062	1,942	777	20,136	(2,973)	17,162
Operating loss	(4,481)	(2)	(40)	(7)	(4,533)	(155)	(4,688)

(Millions of yen)

	For the nine-month period ended December 31, 2008					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	27,329	3,627	4,660	35,618	-	35,618
(2) Inter-segment sales	5,232	3	12	5,248	(5,248)	-
Total net sales	32,561	3,631	4,673	40,866	(5,248)	35,618
Operating income	3,274	342	345	3,961	(150)	3,811

Overseas Sales Information

(Millions of yen)

	For the nine-month period ended December 31, 2009			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	2,361	1,998	2,582	6,942
(2) Total net sales				17,162
(3) Ratio of overseas sales to total net sales	13.8%	11.6%	15.0%	40.4%

(Millions of yen)

	For the nine-month period ended December 31, 2008			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	4,217	4,726	4,845	13,789
(2) Total net sales				35,618
(3) Ratio of overseas sales to total net sales	11.8%	13.3%	13.6%	38.7%

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

There are no applicable articles.