NIPPON THOMPSON CO., LTD.
Corporate Headquarters: Tokyo
Listed Code: 6480
Listed Stock Exchange: Tokyo
(URL: http://www.ikont.co.jp/eg/)

May 17, 2010

Consolidated Financial Report for the Fiscal Year ended 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 of Ordinary General Meeting of Shareholders: June 29, 2010
Scheduled date to submit Annual Securities Report: June 29, 2010
Scheduled date to begin Dividend payments: June 30, 2010

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

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Results of Consolidated Operations

Years ended March 31, 2010 and 2009 (Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
2010	**25,369**	**(38.5)**	**(4,667)**	—	**(4,739)**	—	**(6,061)**	—
2009	41,281	(20.8)	2,790	(65.8)	2,672	(66.9)	445	(87.5)

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)	Return on equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
2010	**(82.51)**	—	**(11.4)**	**(6.0)**	**(18.4)**
2009	6.06	5.80	0.8	3.2	6.8

Reference: Equity in earnings of affiliates
Fiscal year ended March 31, 2010: —million yen
Fiscal year ended March 31, 2009: —million yen

(2) Consolidated Financial Position

Years ended March 31, 2010 and 2009 (Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2010	**78,262**	**50,400**	**64.4**	**686.17**
2009	81,021	55,733	68.8	758.70

Reference: shareholders' equity

Fiscal year ended March 31, 2010: 50,400 million yen

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

(3) Consolidated Cash Flows

Years ended March 31, 2010 and 2009 (Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
2010	**2,210**	**(3,708)**	**4,649**	**16,079**
2009	(224)	(4,085)	3,424	12,559

2. Dividends

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
2011 (Forecast)	—	**4.50**	—	**5.50**	**10.00**
2010	—	**3.00**	—	**3.00**	**6.00**
2009	—	8.00	—	3.00	11.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
2011 (Forecast)		**31.9**	
2010	**440**	—	**0.8**
2009	808	181.5	1.5

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2011

Six-month period ending September 30, 2010, and the fiscal year ending March 31, 2011 (Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2010	21,000	102.8	1,700	―	1,600	―
Year ending March 31, 2011	44,000	73.4	4,000	―	3,700	―

	Net income	Percentage change	Net income per share (Yen)
Six-month period ending September 30, 2010	1,000	―	13.61
Year ending March 31, 2011	2,300	―	31.31

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.

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

Changes related to revisions in accounting principles: Yes

Changes other than those in above: None

Note: For further details, please refer to "Changes in Basis for the Presenting of the Consolidated Financial Statements" on pages 19.

(3) Number of shares issued (Common stock)

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

Fiscal year ended March 31, 2010: 73,499,875 shares

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

Number of treasury stock

Fiscal year ended March 31, 2010: 47,994 shares

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

Note: For an explanation of the number of shares used for calculating consolidated net income per share, please refer to "Per Share Information" on page 25.

Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2010 (From April 1, 2009 to March 31, 2010)

(1) Results of Non-consolidated Operations

Years ended March 31, 2010 and 2009 (Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
2010	**22,120**	**(38.1)**	**(4,643)**	—	**(4,644)**	—	**(5,885)**	—
2009	35,755	(22.6)	1,920	(72.8)	1,999	(71.5)	579	(80.6)

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)
2010	**(80.13)**	—
2009	7.90	7.55

(2) Non-consolidated Financial Position

Years ended March 31, 2010 and 2009 (Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2010	**72,592**	**46,016**	**63.4**	**626.49**
2009	75,400	51,638	68.5	702.96

Note: shareholders' equity

Fiscal year ended March 31, 2010: 46,016 million yen

Fiscal year ended March 31, 2009: 51,638 million yen

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the "Group") as of the date of this document, May 17, 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 "Operating Results and Financial Position (1) Analysis of Operating Results [Outlook]" on pages 7.

Operating Results and Financial Position

(1) Analysis of Operating Results

Overview for the Fiscal Year Ended March 31, 2010

In the fiscal year ended March 31, 2010, the Japanese economy was persistently beset with generally harsh economic conditions, including sluggish private capital investment, a strong yen and ongoing deflation. There were, however, signs of a gradual recovery from the sudden worldwide economic slowdown thanks to the economic stimulus policies put in place by a number of countries. From the second half of the fiscal year under review, the Japanese economy shifted onto a moderate recovery track, centered on the export industries, which are serving as the engine of economic recovery, particularly in the Asian region.

Overseas, despite having entered a difficult phase in the first half of the fiscal year under review due to the global recession, from the second half, the economy in the United States and Europe gradually began to recover against the backdrop of effective state-implemented economic stimulus policies and a recovery in the Asian region.

Under these conditions, the Group prioritized earnings structure improvements, making efforts to expand sales, reduce expenditures and cut costs while focusing on strengthening its financial standing.

From the sales perspective, the Group continued to actively develop its key "user-centered, proposal-based sales approach." This approach involves direct visits to users and holding several "small-scale exhibitions and technical seminars"—not only in Japan but also in overseas markets such as China. The Group also endeavored to grow its business with existing customers and to cultivate new ones.

From the product development standpoint, the Group worked on a variety of initiatives to stimulate demand by developing and bringing to market its proprietary product lineup: extra-high-rigidity, precision products for one of its mainstays, the smooth-motion, highly reliable "Four Rows of Cylindrical Roller-type Linear Motion Guide" It also expanded its "Maintenance-Free Series" lineup, which is designed to reduce environmental impact.

From the production standpoint, the Group has focused on rationalizing and streamlining production as well as on manufacturing cost reductions in its all-out efforts to stem profit decline.

From the second half of the fiscal year under review, there was an upturn in orders received from the Group's major customers in electronics-related industries and from the Asian region. Private capital investment spanning the entire manufacturing industry, however, remained in the doldrums and there was additional negative impact felt from the onset of the strong yen.

As a result, the Group's net sales declined 38.5% compared with the previous fiscal year, to ¥25,369 million. On the earnings front, despite the efforts made to reduce expenditure and costs, an operating loss of ¥4,667 million was recorded due to the significant fall in sales and the associated decrease in operating capacity. This marked a turnaround from the operating income of ¥2,790 million posted in the previous fiscal year. Also recorded was an ordinary loss of ¥4,739 million (reversing ordinary income of ¥2,672 million in the previous fiscal year).

In addition, the Group recorded an extraordinary loss of ¥2,946 million on impairment loss, and a net loss for the fiscal year under review totaling ¥6,061 million, compared with net income of ¥445 million for 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, Linear Motion Rolling Guides totaled ¥22,120 million, 37.6% decrease compared to the same period in the previous year. Sales in Machine Components declined 44.0% to ¥3,249 million.

Business Segment Information

	March 31, 2010		March 31, 2009		Change	
	Millions of yen	Component percentages	Millions of yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	**22,120**	**87.2**	35,478	85.9	(13,357)	(37.6)
Machine Components	**3,249**	**12.8**	5,803	14.1	(2,554)	(44.0)
Total net sales	**25,369**	**100.0**	41,281	100.0	(15,911)	(38.5)

Geographic Segment Information

Japan

The Japan's domestic market in the first half of the fiscal year under review was marked by an unprecedented slump in sales caused by large-scale adjustments in production, adjustments prompted by the economic downturn and the freezing or curbing of private capital investment. Signs of recovery were seen in the second half, primarily in electronics-related industries such as semiconductor and electronic components mounting equipment. There was also a recovery in export demand, primarily to the Asian region. However, as a result of such factors as the economic slump in the first half and adverse foreign exchange rate fluctuations, net sales fell 39.8% year on year to ¥18,872 million and an operating loss of ¥4,319 million was recorded (reversing operating income of ¥2,350 million in the previous fiscal year).

North America

In North America, orders were significantly down due to the impact of the sudden economic downturn. Orders for electronics-related industries rebounded in the second half, and those for medical equipment were also comparatively steady. However, as a result of the adverse effects of the first half decline in net sales and foreign exchange rate fluctuations, year on year net sales fell 36.6% to ¥2,833 million, and an operating loss of ¥34 million was recorded (reversing operating income of ¥193 million in the previous fiscal year).

Europe

In Europe, although the positive effects of government stimulus policies were felt and the economic downturn bottomed out, demand was sluggish and sales declined to such major customers as electronics-related industries and precision machinery as well as sales agencies. Moreover, as a result of the adverse effects of foreign exchange rate fluctuations, net sales plummeted

53.1% year on year to ¥2,551 million, and an operating loss of ¥100 million was recorded (reversing operating income of ¥141 million in the previous fiscal year).

Outlook

The outlook calls for the economic situation to become gradually brighter. Underpinned by burgeoning demand from developing countries and government stimulus packages implemented since mid-2009, the global economy remains on course for a modest recovery. Japan has pulled out from the worst of the economic downturn, and there are increasing numbers of inquiries from major customers, particularly those in electronics-related industries and machine tools. However, the earnings environment remains unpredictable, due to such factors as concerns about rising raw materials prices spurred on by soaring costs for crude oil and iron ore, as well as foreign exchange rates while the yen remains as strong as ever.

Under these conditions, forecasts of consolidated performance for the fiscal year ending March 31, 2011 are for net sales of ¥44.0 billion, ordinary income of ¥3.7 billion and net income of ¥2.3 billion.

(2) Analysis of Financial Position

Total assets as of March 31, 2010, totaled ¥78,262 million, a decrease of ¥2,759 million compared with the end of the previous fiscal year. This mainly, inventories declined ¥4,543 million, tangible fixed assets decreased ¥2,938 million due to impairment loss, cash and deposits increased ¥3,601 million, and investment securities rose ¥1,268 million.

Total liabilities totaled ¥27,861 million, an increase of ¥2,573 million compared with the end of the previous fiscal year. This mainly, corporate bonds rose ¥4,000 million, long-term bank loans increased ¥1,184 million, notes and accounts payable-trade decreased ¥1,479 million, and accrued expenses declined ¥486 million.

Total net assets amounted to ¥50,400 million, a decline of ¥5,332 million compared with the end of the previous fiscal year. The main components were a decrease in retained earnings of ¥6,202 million, and an increase of revaluation and translation difference of ¥873 million.

Cash Flows

Cash and cash equivalents at the end of this fiscal year totaled ¥16,079 million, an increase of ¥3,520 million compared with the end of the previous year.

The situations of cash flows are as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥2,210 million. The major reasons were depreciation and amortization of ¥2,927 million, impairment loss of ¥2,946 million, a decrease in inventories of ¥4,688 million, income taxes refund of ¥1,379 million, loss before income taxes of ¥7,430 million, an increase in notes and accounts receivable - trade of ¥419 million, and a decrease in notes and accounts payable - trade of ¥1,690 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,708 million. The principal component was the payment for purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥4,649 million. This was mainly due to proceeds from corporate bonds ¥4,000 million, proceeds from long-term bank loans of ¥2,000 million, payments of long-term loans ¥815 million, and cash dividends paid of ¥441 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2007	March 31, 2008	March 31, 2009	**March 31, 2010**
Equity ratio (%)	68.5	69.6	68.8	**64.4**
Equity ratio on market value basis (%)	94.5	53.0	30.1	**61.1**
Debt repayment period (Years)	0.2	0.1	—	**8.2**
Interest coverage ratio (Times)	110.1	94.6	—	**8.7**

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 flow 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.

(3) 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 ¥3 per share. Added to the interim dividend of ¥3 per share, this would make the full-year dividend payment ¥6 per share.

The Company is forecasting a dividend of ¥10 per share for the fiscal year ending March 31, 2011.

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.

Customers

Products

Sales

(Domestic)

Consolidated Subsidiaries:

Nippon Thompson Sales Co., Ltd.

Nippon Dic Co., Ltd.

Non – Consolidated Company:

Hassei Shokai Co., Ltd.

(Overseas)

Consolidated Subsidiaries:

IKO International, Inc.

Nippon Thompson Europe B.V.

IKO - Thompson (Shanghai) Ltd.

Products

Products

Nippon Thompson Co., Ltd.

Process

Production

(Domestic)

Consolidated Subsidiaries:

Mugegawa MFG. Co., Ltd.

Kasagami MFG. Co., Ltd.

Non – Consolidated Company:

Shinmie Seiko Co., Ltd.

Nagahara Seiko Co., Ltd.

(Overseas)

Consolidated Subsidiary:

IKO Thompson Vietnam Co., Ltd.

Service

(Domestic)

Non – Consolidated Company:

Takanawa Sangyo Co., Ltd.

etc.

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 as a good corporate citizen. 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

To remain a creative and competitive corporate group in this era of economic globalization, the Group is strengthening ties among domestic and overseas Group companies, and concentrating management resources into Linear Motion Rolling Guides and other high-growth strategic businesses. Strengthening the Group's ability to meet demand in this way will allow improved earning power and strengthen the Group's financial position.

(4) Issues to Be Resolved

The sustainability of the global economic recovery is expected to increase against a backdrop of expanding demand in Asia, centered on China, and in other developing countries in the region as well as from the effects of stimulus packages implemented in a number of countries. Then again, the earnings environment remains unpredictable, as evidenced by concerns about rising raw material prices such as soaring crude oil and iron ore prices, and the yen's strength on the foreign exchange markets.

Based on these circumstances, first and foremost the Group will work in unison to bring about a recovery from last year's significant decline in sales and will focus on the measures set out below to develop a business foundation that is more resilient than ever.

Through the "user-centered, proposal-based sales activities" that are the linchpin of our marketing strategy, we are working to develop new markets and to increase our market share. As a foundation for this, we are building a rational and efficient sales system that is adaptable to the changes in domestic and overseas markets.

① Domestic market strategy

In Japan's domestic markets, the Group plans sophisticated sales activities that target not just key demand industries, such as those in advanced fields, and are not bound by market scale. While drawing fully on one of its strengths, its high-mix production system, the Group will visit users directly and hold small-scale exhibitions and technical seminars that are central to its proposal-based sales approach, developing activities that are truly of assistance to customers. Furthermore, the Group will reorganize to establish even closer relationships with users, raise the strength of its solutions proposals as a Group and elevate its already high level of customer satisfaction.

② Overseas market strategy

To increase market penetration of IKO brand products and make headway with business development and growth, it is essential that Group sales become more robust in overseas markets. Centered on such emerging economies as China, which is expected to sustain a persistently high level of growth, the Group will proactively work to tap demand. In addition, efforts will be made to augment the sales force, strengthen inter-agency collaboration and enhance marketing capabilities.

The Group recognizes that improving its new product development capabilities, combined with its ability to contribute to society through its products, are essential elements to increasing its corporate value. The Group will maintain its focus on the development of high-value-added products that reflect user needs. Specifically, as it expects that, in an expanding market, the range of applications will widen for its products that boast a competitive edge—such as "Maintenance-Free Series" "Four Rows of Cylindrical Roller-type Linear Motion Guide" and miniature type linear motion rolling guides—the Group plans to broaden the variation and enhance their performance. In the fiscal year under review, the Group launched 12 new products onto the market.

In its manufacturing operations, in addition to enhancing its production system from the long-term perspective and making progress with production activities that maintain high profit levels, the Group as a whole will supply products that anticipate rapid changes in demand and thus improve its market competitiveness. In specific terms, to increase production of miniature type linear motion rolling guides, the orders for which are burgeoning, the capabilities of the Vietnam production subsidiary will be enhanced. In addition, following a comprehensive review, and combined with plans for optimization, the necessary investment will be made in the production system in Japan to respond to user needs.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2010 and 2009

ASSETS	Millions of yen	
	March 31, 2010	March 31, 2009
Current Assets:		
Cash and deposits	**16,160**	12,559
Notes and accounts receivable-trade	**7,285**	6,719
Finished products	**12,173**	15,696
Material in process	**8,237**	8,867
Raw material	**6,044**	6,434
Deferred tax assets	**2,455**	1,217
Others	**795**	2,373
Less: Allowance for doubtful accounts	**(39)**	(22)
Total current assets	**53,112**	53,844
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	**4,676**	5,193
Machinery and vehicles	**7,118**	8,003
Tools and fixtures	**754**	1,116
Land	**3,091**	3,145
Construction in progress	**264**	1,385
Total tangible fixed assets	**15,906**	18,844
Intangible fixed assets	**194**	250
Investments and other assets:		
Investment securities	**6,142**	4,874
Deferred tax assets	**369**	630
Others	**2,641**	2,682
Less: Allowance for doubtful accounts	**(105)**	(106)
Total investments and other assets	**9,048**	8,081
Total fixed assets	**25,149**	27,177
TOTAL ASSETS	**78,262**	81,021

LIABILITIES	Millions of yen	
	March 31, 2010	March 31, 2009
Current Liabilities:		
Notes and accounts payable-trade	**5,195**	6,675
Short-term bank loans	**153**	284
Current portion of long-term bank loans	**1,195**	555
Accrued expenses	**1,535**	2,022
Income taxes payable	**66**	164
Allowance for directors' and corporate auditors' bonuses	**0**	46
Others	**836**	1,623
Total current liabilities	**8,984**	11,370
Long-Term Liabilities:		
Corporate bonds	**4,000**	—
Long-term bank loans	**12,712**	12,167
Deferred tax liabilities	**272**	245
Accrued retirement benefits	**1,577**	1,200
Liability for retirement benefits for directors and corporate auditors	—	275
Others	**314**	27
Total long-term liabilities	**18,877**	13,917
TOTAL LIABILITIES	**27,861**	25,288
NET ASSETS		
Shareholders' Equity:		
Common stock	**9,532**	9,532
Capital surplus	**12,886**	12,886
Retained earnings	**28,428**	34,630
Treasury stock	**(41)**	(37)
Total shareholders' equity	**50,805**	57,011
Revaluation and Translation difference:		
Net unrealized holding gains on available-for-sale securities	**1,230**	475
Foreign currency translation adjustments	**(1,635)**	(1,753)
Total revaluation and translation difference	**(405)**	(1,278)
TOTAL NET ASSETS	**50,400**	55,733
TOTAL LIABILITIES AND NET ASSETS	**78,262**	81,021

Consolidated Statements of Income

Years ended March 31, 2010 and 2009

	Millions of yen	
	March 31, 2010	March 31, 2009
Net Sales	**25,369**	41,281
Cost of Sales	**21,487**	28,034
Gross Profit	**3,882**	13,247
Selling, General and Administrative Expenses	**8,549**	10,457
Operating Income (Loss)	**(4,667)**	2,790
Non-Operating Income:		
Interest income	**13**	81
Dividend income	**102**	154
Real estate rent	**36**	38
Subsidy income	**171**	—
Others	**83**	128
	407	402
Non-Operating Expenses:		
Interest expenses	**249**	103
Sales discounts	**33**	55
Loss on retirement of fixed assets	**77**	93
Amortization of bond issuance cost	**72**	—
Foreign currency translation loss	**30**	185
Others	**16**	83
	480	521
Ordinary Income (Loss)	**(4,739)**	2,672
Extraordinary Income:		
Gain on sales of fixed assets	**176**	—
Gain on sales of investment in securities	**79**	4
	255	4
Extraordinary Losses:		
Impairment loss	**2,946**	—
Loss from write-down of investment in securities	—	1,562
	2,946	1,562
Income (Loss) before Income Taxes	**(7,430)**	1,114
Income Taxes:		
Current	**37**	246
Deferred	**(1,407)**	421
Net Income (Loss)	**(6,061)**	445

Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2010 (Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2009	**9,532**	**12,886**	**34,630**	**(37)**	**57,011**
Changes during the period					
Cash dividends	—	—	**(440)**	—	**(440)**
Net loss	—	—	**(6,061)**	—	**(6,061)**
Acquisition of treasury stock	—	—	—	**(3)**	**(3)**
Change of scope of consolidation	—	—	**299**	—	**299**
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	**(6,202)**	**(3)**	**(6,206)**
As of March 31, 2010	**9,532**	**12,886**	**28,428**	**(41)**	**50,805**

	Revaluation and Translation difference			Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and translation difference	
As of March 31, 2009	**475**	**(1,753)**	**(1,278)**	**55,733**
Changes during the period				
Cash dividends	—	—	—	**(440)**
Net loss	—	—	—	**(6,061)**
Acquisition of treasury stock	—	—	—	**(3)**
Change of scope of consolidation	—	—	—	**299**
Net changes in items other than shareholders' capital	**754**	**118**	**873**	**873**
Total changes during the period	**754**	**118**	**873**	**(5,332)**
As of March 31, 2010	**1,230**	**(1,635)**	**(405)**	**50,400**

For the fiscal year ended March 31, 2009 (Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of March 31, 2008	9,532	12,886	36,579	(1,246)	57,752
Decrease from accounting method changes at overseas subsidiaries	—	—	(6)	—	(6)
Changes during the period					
Cash dividends	—	—	(1,175)	—	(1,175)
Net income	—	—	445	—	445
Acquisition of treasury stock	—	—	—	(6)	(6)
Sales of treasury stock	—	(0)	(3)	6	3
Retirement of treasury stock	—	—	(1,209)	1,209	—
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	(0)	(1,942)	1,208	(733)
As of March 31, 2009	9,532	12,886	34,630	(37)	57,011

	Revaluation and Translation difference			Total net assets
	Net unrealized holding gains on available-for-sale securities	Foreign currency translation adjustments	Total revaluation and translation difference	
As of March 31, 2008	1,136	115	1,252	59,004
Decrease from accounting method changes at overseas subsidiaries	—	—	—	(6)
Changes during the period				
Cash dividends	—	—	—	(1,175)
Net income	—	—	—	455
Acquisition of treasury stock	—	—	—	(6)
Sales of treasury stock	—	—	—	3
Retirement of treasury stock	—	—	—	—
Net changes in items other than shareholders' capital	(661)	(1,869)	(2,530)	(2,530)
Total changes during the period	(661)	(1,869)	(2,530)	(3,264)
As of March 31, 2009	475	(1,753)	(1,278)	55,733

Consolidated Statements of Cash Flows

Years ended March 31, 2010 and 2009

	Millions of yen	
	March 31, 2010	March 31, 2009
Cash Flows from Operating Activities:		
Income (loss) before income taxes	**(7,430)**	1,114
Depreciation and amortization	**2,927**	3,272
Impairment loss	**2,946**	—
Increase in allowance for doubtful accounts	**15**	56
Decrease in allowance for directors' and corporate auditors' bonuses	**(0)**	(34)
Increase in accrued retirement benefits	**376**	516
Increase in accrued retirement benefits for directors' and corporate auditors' bonuses	**(275)**	(81)
Interest and dividend income	**(116)**	(235)
Interest expenses	**249**	103
Loss on retirement of fixed assets	**77**	93
Gain on sales of investment in securities	**(79)**	(4)
Gain on sales of fixed assets	**(176)**	—
Loss from write-down of investment in securities	—	1,562
Increase (decrease) in notes and accounts receivable—trade	**(419)**	6,144
Decrease (increase) in inventories	**4,688**	(5,590)
Increase in other accounts receivable	**(78)**	(1,311)
Decrease in notes and accounts payable—trade	**(1,690)**	(3,069)
Decrease in accrued expenses	**(542)**	(888)
Others—net	**496**	(264)
Subtotal	**968**	1,382
Interest and dividend income received	**116**	235
Interest paid	**(253)**	(133)
Income taxes refund (paid)	**1,379**	(1,710)
Net cash used in (provided by) operating activities	**2,210**	(224)
Cash Flows from Investing Activities:		
Payments into time deposits	**(41)**	—
Proceeds from time deposits	—	800
Payments for purchase of property, plant and equipment	**(3,819)**	(5,136)
Proceeds from sales of property, plant and equipment	**240**	—
Payments for purchase of investment securities	**(270)**	(298)
Proceeds from sales of investment securities	**295**	7
Others—net	**(114)**	542
Net cash used in investing activities	**(3,708)**	(4,085)
Cash Flows from Financing Activities:		
Proceeds from short-term bank loans	**2,211**	3,510
Repayments of short-term bank loans	**(2,301)**	(4,043)
Proceeds from long-term bank loans	**2,000**	13,000
Repayments of long-term bank loans	**(815)**	(277)
Proceeds from corporate bonds	**4,000**	—
Repayment of convertible bond	—	(7,586)
Cash dividends paid	**(441)**	(1,174)
Others—net	**(3)**	(3)
Net cash provided by financing activities	**4,649**	3,424
Foreign currency translation adjustments on cash and cash equivalents	**55**	(560)
Net decrease in cash and cash equivalents	**3,205**	(1,445)
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 year	**16,079**	12,559

Notes on the Premise of a Going Concern

There are no applicable articles.

Basis for the Presentation of the Consolidated Financial Statements

1. Scope of Consolidation

1. Number of consolidated subsidiaries	8 companies
The name of principal consolidated subsidiaries	Nippon Thompson Sales Co., Ltd. IKO International, Inc. Nippon Thompson Europe B.V. IKO – Thompson (Shanghai) Ltd. Due to its greater significance, the former non-consolidated subsidiary, IKO-Thompson (Shanghai) Ltd., has been included within the scope of consolidation from the fiscal year under review.
2. The name of principal non-consolidated subsidiaries	Shinmie Seiko Co., Ltd. Non-consolidated subsidiaries are immaterial on the consolidated financial statements including total assets, net sales, net income or retained earnings.

2. Application of Equity Method of Accounting:

1. Number of consolidated subsidiaries	None
2. The name of principal non-consolidated subsidiaries	Shinmie Seiko Co., Ltd., Non-consolidated subsidiaries are immaterial on net income and retained earnings, so they are excluded from equity method accounting.

3. Consolidated Subsidiaries with Different Fiscal Year-Ends

IKO International, Inc., Nippon Thompson Europe B.V., IKO Thompson Vietnam Co., Ltd., and IKO – Thompson (Shanghai) Ltd. adopt a fiscal year ending on December 31. For consolidation, subsidiaries whose fiscal years do not correspond to that of the Company have necessary adjustments made on significant inter-company transactions that occurred during the periods between the fiscal period-ends of the respective consolidated subsidiaries and that of the Company.

4. Significant Accounting Policy

1. Method of bond issuance cost	The full amount is expensed as of process payable.

2. Calculation method of significant allowances

a) Allowance for doubtful accounts

The Company and consolidated subsidiaries principally provide the allowance for doubtful accounts by the method that uses the percentage of its own actual experience of bad-debt loss written off against the balance of general receivables, plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

b) Allowance for directors' and corporate auditors' bonuses

To provide for payment of bonuses to directors and corporate auditors, the Company reported the burden for the current fiscal year.

c) Accrued retirement benefits

Pension and severance costs for employees are principally accrued on the estimates of the pension obligations and the plan assets at the end of the current fiscal year. The actuarial difference is amortized for three years using the straight-line method from the fiscal year when the difference was generated.

Changes in Basis for the Presenting of the Consolidated Financial Statements

Changes in Accounting Policy

Retirement Benefits

The Partial Amendments to Accounting Standard for Retirement Benefits (Part 3), (Accounting Standards Board of Japan [ASBJ] Statement No. 19, dated July 31, 2008), have been applied from the consolidated fiscal year under review.

The impact of these accounting standard amendments on profit and loss for the consolidated fiscal year under review was immaterial.

No difference in the amount of retirement benefit obligations arose from the application of these revised accounting standard amendments.

Additional Information

Application of accounting standards for financial instruments

Accounting Standards for Financial Instruments (ASBJ Statement No. 10, dated March 10, 2008) and Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Statement No. 19, dated March 10, 2008) have been applied from the consolidated fiscal year under review.

Abolition of directors' retirement benefit system

To make provision for directors' retirement benefits, the Company had previously recorded the amount paid at the end of the fiscal year based on internal regulations. At the annual shareholders' meeting held on June 26, 2009, however, it was decided to abolish the directors' retirement benefit system. In accordance with this move, payments of pro rata directors' retirement benefits dependent on length of service were paid up to the day before the annual shareholders' meeting. The period of provision is decided when directors retire based on each director's length of service, the reserve for retirement benefits for directors and corporate auditors being fully reversed and the unpaid portion of the amount that was to have been paid of ¥286 million included under long-term liabilities "Other" on the balance sheets.

As there have been no significant changes apart from "Changes in Basis for the Presenting Consolidated Financial Statements" above since they were mentioned in the latest annual securities report (published on June 26, 2009), these have been omitted.

Notes

(Consolidated Balance Sheets)

	Millions of yen	
	March 31, 2010	March 31, 2009
1. Items for non-consolidated subsidiaries		
Investment securities	**136**	136
Investment	—	150

(Consolidated Statements of Income)

	Millions of yen	
	March 31, 2010	March 31, 2009
1. Major items of Selling, general and administrative expenses		
Employees' salaries	**3,175**	3,606
Welfare expenses	**590**	635
Rent expenses	**550**	563
Business consignment expenses	**608**	773
Packing and distribution expenses		689
2. Research and development costs	**876**	1,086
3. Gain on sales of fixed assets	**176**	—

This was mainly due to sales of land.

4. Impairment loss

March 31, 2010	March 31, 2009
In the consolidated fiscal year under review, the Group recorded impairment losses on the following assets. **Address: Toki City in Gifu Prefecture** **Name: Toki Factory** **Account title: Construction in progress** **Based on management accounting classifications, the Group conducted asset grouping. Idle assets were placed in the asset grouping for each individual unit.** **Since the commencement date for full-scale operations at the "Toki Factory" cannot be determined, nor future cash flow estimated, due to the postponement of construction work, the book value has been reduced to the recoverable amount and the aforementioned decreased amount recorded under extraordinary impairment loss ¥2,946 million.** **Because the recoverable amount of the above-mentioned construction in progress is determined by net selling price, combined with the difficulties in converting to another use or selling, the net selling price is assessed as zero.**	―――

(Statement of Changes in Consolidated Shareholders' Equity)

For the fiscal Year ended March 31, 2010

1. Class and Number of Shares Issued

	As of March 31, 2009 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2010 (Shares)
Common stock	**73,499,875**	—	—	**73,499,875**

2. Class and Number of Treasury stock

	As of March 31, 2009 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2010 (Shares)
Common stock	**40,737**	**7,257**	—	**47,994**

Notes: The increase of 7,257 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. 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 26, 2009	**Common stock**	**220**	**3.00**	**March 31, 2009**	**June 29, 2009**
Board of directors on November 9, 2009	**Common stock**	**220**	**3.00**	**September 30, 2009**	**December 9, 2009**

(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, 2010	**Common stock**	**Retained earnings**	**220**	**3.00**	**March 31, 2010**	**June 30, 2010**

For the fiscal Year ended March 31, 2009

1. Class and Number of Shares Issued

	As of March 31, 2008 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2009 (Shares)
Common stock	74,599,875	—	1,100,000	73,499,875

Notes: The decrease of 1,100,000 shares of common stock is due to retire of treasury stock.

2. Class and Number of Treasury stock

	As of March 31, 2008 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2009 (Shares)
Common stock	1,132,824	14,344	1,106,431	40,737

Notes:

1. The increase of 14,344 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.
2. The decrease of 1,100,000 shares of treasury stock is due to retire of treasury stock.
3. The decrease of 6,431 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

3. 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 27, 2008	Common stock	587	8.00	March 31, 2008	June 30, 2008
Board of directors on November 10, 2008	Common stock	587	8.00	September 30, 2008	December 10, 2008

(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 26, 2009	Common stock	Retained earnings	220	3.00	March 31, 2009	June 29, 2009

(Consolidated Cash Flow)

	Millions of yen	
	March 31, 2010	March 31, 2009
Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets.		
Cash and deposits	**16,160**	12,559
Time deposits with maturity exceeding three months	**(80)**	—
Cash and cash equivalents at end of period	**16,079**	12,559

(Segment Information)

1. Segment Information by Geographic Areas

(Millions of yen)

	Fiscal Year ended March 31, 2010						
	Japan	North America	Europe	Other areas	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	**18,872**	**2,833**	**2,551**	**1,111**	**25,369**	**—**	**25,369**
(2) Inter-segment sales	**4,388**	**5**	**9**	**86**	**4,489**	**(4,489)**	**—**
Total net sales	**23,261**	**2,838**	**2,561**	**1,197**	**29,859**	**(4,489)**	**25,369**
Operating expenditure	**27,580**	**2,873**	**2,662**	**1,212**	**34,328**	**(4,291)**	**30,036**
Operating loss	**(4,319)**	**(34)**	**(100)**	**(14)**	**(4,469)**	**(197)**	**(4,667)**
Assets	**53,756**	**2,888**	**3,007**	**1,664**	**61,316**	**16,945**	**78,262**

(Millions of yen)

	Fiscal Year ended March 31, 2009					
	Japan	North America	Europe	Total	Corporate or Eliminations	Consolidated
(1) Net sales to customers	31,373	4,467	5,440	41,281	—	41,281
(2) Inter-segment sales	6,016	4	14	6,035	(6,035)	—
Total net sales	37,390	4,471	5,454	47,317	(6,035)	41,281
Operating expenditure	35,040	4,278	5,313	44,631	(6,140)	38,491
Operating income	2,350	193	141	2,685	104	2,790
Assets	61,226	3,618	3,333	68,178	12,843	81,021

Notes:

1. Categorization of countries and area is based on geographical adjacency.

2. Main countries or areas other than Japan:
   (1) North America: United States
   (2) Europe: The Netherlands, Germany, United Kingdom, and Spain
   (3) Other areas: Asia

3. Indistributable operating expenditure included in "Corporate or Eliminations" are mainly concerned with administrative sectors such as personnel and general affairs of the head offices of data-offering units.
   Indistributable operating expenditure
   Fiscal year ended March 31, 2010: ¥461 million
   Fiscal year ended March 31, 2009: ¥423 million

4. Overall corporate assets included in "Corporate or Eliminations" are mainly concerned with surplus funds for investment, long-term investment funds, and administrative sectors.
   Overall corporate assets
   Fiscal year ended March 31, 2010: ¥21,759 million
   Fiscal year ended March 31, 2009: ¥17,099 million

2. Overseas Sales Information

(Millions of yen)

	Fiscal Year ended March 31, 2010			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	**3,300**	**2,648**	**4,087**	**10,035**
(2) Consolidated sales	—	—	—	**25,369**
(3) Ratio of overseas sales to consolidated sales	**13.0%**	**10.5%**	**16.1%**	**39.6%**

(Millions of yen)

	Fiscal Year ended March 31, 2009			
	Americas	Europe	Asia and Other areas	Total
(1) Overseas sales	5,184	5,513	5,401	16,099
(2) Consolidated sales	—	—	—	41,281
(3) Ratio of overseas sales to consolidated sales	12.6%	13.3%	13.1%	39.0%

Notes:

1. Categorization of countries and areas is based on geographical adjacency.
2. Major countries or areas that belong to a category:
   (1) Americas: United States, Canada, and Latin America
   (2) Europe: The Netherlands, Germany, United Kingdom, and Spain
   (3) Asia and Other areas: Singapore, China, Taiwan, and Middle and near east
3. Overseas sales indicate the amount of sales made by the Group in foreign countries and areas except Japan.

(Per Share Information)

	Yen	
	March 31, 2010	March 31, 2009
Net assets per share	**686.17**	758.70
Net income (loss) per share	**(82.51)**	6.06
Diluted net income per share	—	5.80

Note: Basis for calculations of net income (loss) per share and diluted net income per share is as follows.

	Millions of yen	
	March 31, 2010	March 31, 2009
Net income (loss) in the consolidated statements of income	**(6,061)**	445
Value not attributed to common stock	—	—
Net income (loss) pertaining to common stock	**(6,061)**	445
Average number of shares outstanding during period	**73,455,456shares**	73,462,668shares
Net income adjustment value for calculations of diluted net income per share	—	—
Increase in number of shares outstanding for calculations of diluted net income per share		
First series unsecured convertible bonds	—	3,320,202shares
Residual shares not included in the calculation of diluted net income per share because they have no dilutive effect	—	—

(Important Subsequent Events)

There are no applicable articles.

(Omission of Disclosure)

Explanatory notes on “Lease Transactions”, “Transactions with Related Parties”, “Deferred Tax Assets”, “Financial Instrument”, “Securities”, “Derivative Transactions”, “Retirement Benefits”, “Stock Option”, and “Leased Property” were omitted, as their inclusion in a consolidated financial report was deemed unnecessary.

Transfer of Officers

1. Changes in representative director

   There are no applicable articles.

2. Other executive changes (As of June 29, 2010)

   Note: Current positions given in parentheses

   (1) Candidates for the post of director

Managing Director	Shigeki Miyachi	(General Manager of Management Planning Dept.)
Director	Toshitaka Akimoto	(General Manager of Himeji Factory)
Director	Toshinao Kimura	(General Manager of Sales Dept.)

   (2) Planned retirements from Board of Directors

Senior Managing Director	Akihiko Kamimura	Planning to take office as advisor to the Company
Director	Yoshihiro Kashiwabara	Planning to take office as advisor to the Company, and President of Nippon Dic Co., Ltd.
Director	Kouji Takeda	Planning to take office as advisor to the Company

   (3) Change to director attached to the Board

Managing Director	Kazuhiko Tanaka	(General Manager of R&D center, and General Manager of New Products R&D Dept.)