

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

November 7, 2011

Consolidated Financial Report
for the Second Quarter of the Fiscal Year Ending March 31, 2012
<Japanese GAAP>

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Scheduled Date to Submit Quarterly Annual Securities Report: November 9, 2011

Scheduled Date to Begin Dividend Payments: December 7, 2011

Preparation of Supplementary Explanation Material for Quarterly Financial Results: None

Holding of Presentation Meeting for Quarterly Financial Results: None

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, 2011
(From April 1, 2011 to September 30, 2011)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
September 30, 2011	23,162	8.4	2,156	(1.2)	1,913	(7.4)
September 30, 2010	21,376	106.5	2,182	-	2,066	-

Note: Comprehensive income

Six-month period ended September 30, 2011: 1,520 million yen 786.8 %

Six-month period ended September 30, 2010: 171 million yen - %

	Net income	Percentage change	Net income per share (Yen)	Diluted net income per share (Yen)
September 30, 2011	1,806	43.0	24.60	22.25
September 30, 2010	1,263	-	17.20	-

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 (%)
September 30, 2011	94,387	53,080	56.2
March 31, 2011	86,252	51,970	60.3

Reference: Shareholders' equity

As of September 30, 2011: 53,080 million yen

As of March 31, 2011: 51,970 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2012 (Forecast)			-	6.50	13.00
2012	-	6.50			
2011	-	4.50	-	5.50	10.00

Note: Change in the current three-month period ended September 30, 2011, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2012

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Year ending March 31, 2012	44,000	0.3	4,000	(8.3)	3,500	(14.9)

	Net income	Percentage change	Net income per share (Yen)
Year ending March 31, 2012	3,400	11.3	46.29

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, 2011, 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 special accounting methods for the presentation of the quarterly consolidated financial statements: Yes

Note: For further details, please refer to “2. Other Information” on page 6.

(3) Changes in accounting policies and accounting estimates, and restatements

Changes in accounting policies arising from revision of accounting standards: None

Changes other than those in above: None

Changes in accounting estimates: None

Restatements: None

(4) Number of shares issued (Common stock)

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

As of September 30, 2011: 73,499,875 shares

As of March 31, 2011: 73,499,875 shares

Number of treasury stock

As of September 30, 2011: 56,618 shares

As of March 31, 2011: 55,814 shares

Average number of shares outstanding at period-end

Six-month period ended September 30, 2011: 73,443,784 shares

Six-month period ended September 30, 2010: 73,450,748 shares

Disclosure with Regard to Implementation of Quarterly Review Procedures

Although falling outside quarterly review procedures based on the Financial Instruments and Exchange Law, these financial results are subjected to such review procedures, which are completed at the time of disclosure.

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

Performance forecasts presented herein are based on information available to the Nippon Thompson Group (the “Group”) as of the date of this document, November 7, 2011. 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 “1. Operating Results and Financial Position (3) Outlook” on pages 6.

1. Operating Results and Financial Position

(1) Analysis of Operating Results

In the six-month period ended September 30, 2011, there were indications of a recovery in demand in certain areas within the Japanese economy, which had decreased following the Great East Japan Earthquake. However, the environment concerning corporate earnings became more severe due to the slow overall speed of recovery of such demand and rapid yen appreciation. At the same time, the global economy saw recovery driven by expanding demand in emerging countries. Nevertheless, concerns about a global economic slowdown increased from the second quarter of the fiscal year under review onward due to the financial crisis in the Euro zone caused by Greece's debt problem as well as China's tightening of fiscal policy, etc.

Under these circumstances, the Group promoted measures focused on further exploiting demand in global markets and strengthening its future-oriented competitiveness.

From the sales perspective, the Group worked to cultivate demand among new markets while furthering transactions with existing customers by actively expanding its sales activities, centering on the highly functional products, "Roller-Type Linear Motion Rolling Guides" and "Miniature-type Linear Motion Rolling Guides".

From the production standpoint, the Group augmented production facilities and restructured production lines at its domestic plants. These moves increased the Group's production capacity for Linear Motion Rolling Guides, which are important products in the Group's sales strategy and are seen as having high potential in terms of demand. Moreover, the Group is promoting the bolstering of its international competitiveness through ongoing investment to boost the production capacity of its manufacturing subsidiary, IKO Thompson Vietnam Co., Ltd.

Looking at market trends by region, demand in domestic markets was on the rebound thanks to post-disaster reconstruction-related demand as well as ongoing demand for machine tools. However, from the second quarter onward, uncertainty regarding the future of the global economy increased. Consequently, demand in electronics-related industries weakened. Net sales in North America and Europe increased primarily in the areas of electronics-related devices, medical equipment and transportation equipment. At the same time, Asian demand in a wide array of industries, particularly in emerging countries, was robust during the first quarter of the fiscal year under review. However, demand fell in the second quarter due to the impact of China's tighter fiscal policy.

As a result, the Group's net sales for six-month period under review increased 8.4% compared with the corresponding period of the previous fiscal year, to ¥23,162 million. On the earnings front, despite ongoing efforts to reduce expenses, operating income for the period under review decreased 1.2% to ¥2,156 million and ordinary income fell 7.4% to ¥1,913 million compared with the corresponding period of the previous fiscal year as a result of negative effect of rapid yen appreciation. Net income rose 43.0% to ¥1,806 million due to such factors as a reduction in the tax burden.

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

Sales of Needle Roller Bearings and Linear Motion Rolling Guides totaled ¥20,404 million, a 9.9% increase compared with the corresponding period in the previous fiscal year. Sales of Machine Components decreased 1.7% to ¥2,757 million.

Business Segment Information

	Six-month period ended September 30, 2011		Six-month period ended September 30, 2010		Change	
	Millions of yen	Component percentages	Millions of yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	20,404	88.1	18,570	86.9	1,834	9.9
Machine Components	2,757	11.9	2,806	13.1	(48)	(1.7)
Total net sales	23,162	100.0	21,376	100.0	1,785	8.4

(2) Analysis of Financial Position

Total assets as of September 30, 2011 totaled ¥94,387 million, an increase of ¥8,134 million compared with the end of the previous fiscal year. This mainly comprised an increase of cash and deposits of ¥458 million, while inventories rose ¥3,773 million, and tangible fixed assets increased ¥3,148 million.

Total liabilities amounted to ¥41,306 million, an increase of ¥7,024 million compared with the end of the previous fiscal year. This increase mainly comprised rises in notes and accounts payable-trade of ¥2,339 million and convertible bond of ¥5,000 million.

Total net assets amounted to ¥53,080 million, an increase of ¥1,110 million compared with the end of the previous fiscal year. The main components were a rise in retained earnings of ¥1,396 million and a decrease in net unrealized holding gains on available-for-sale securities of ¥457 million.

Cash Flows

Cash and cash equivalents as of September 30, 2011 totaled ¥22,295 million, an increase of ¥457 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥1,460 million. The major components were income before income taxes of ¥1,992 million, depreciation and amortization of ¥1,422 million, an increase in notes and accounts payable-trade of ¥2,235 million, and an increase in inventories of ¥3,630 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥4,847 million. This result was primarily attributable to the purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥3,788 million. This was mainly due to proceeds from convertible bond of ¥5,000 million, payments of long-term bank loans of ¥770 million, and cash dividends paid of ¥404 million.

(3) Outlook

Regarding future forecasts, we expect the operating conditions surrounding the Group to increase in severity. This is attributable to concerns that debt problems in Europe, the further slowdown of the U.S. economy, and the sluggish growth of the Chinese economy will negatively impact the global economy. In addition, in Japan, operating conditions are being negatively affected by the deterioration of the export environment and a hollowing out of domestic industries due to the accelerated pace of corporate relocations overseas in the wake of the strong yen.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥44,000 million, operating income of ¥4,000 million, ordinary income of ¥3,500 million and net income of ¥3,400 million for the year ending March 31, 2012, based on U.S. dollar exchange rates of ¥77.

2. Other Information

(1) Application of the special accounting methods for the presentation of the 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, 2012, by said estimated effective tax rate.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of September 30, 2011 and March 31, 2011

	Millions of yen	
ASSETS	September 30, 2011	March 31, 2011
Current Assets:		
Cash and deposits	22,333	21,874
Notes and accounts receivable-trade	10,831	10,794
Finished products	14,887	12,028
Material in process	9,331	8,875
Raw material	6,613	6,154
Others	4,002	2,844
Less: Allowance for doubtful accounts	(35)	(34)
Total current assets	<u>67,963</u>	<u>62,538</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	8,851	6,986
Others	10,276	8,993
Total tangible fixed assets	<u>19,128</u>	<u>15,980</u>
Intangible fixed assets	158	146
Investments and other assets:		
Investment securities	5,163	5,968
Others	2,035	1,681
Less: Allowance for doubtful accounts	(62)	(62)
Total investments and other assets	<u>7,136</u>	<u>7,587</u>
Total fixed assets	<u>26,423</u>	<u>23,714</u>
TOTAL ASSETS	<u><u>94,387</u></u>	<u><u>86,252</u></u>

LIABILITIES	Millions of yen	
	September 30, 2011	March 31, 2011
Current Liabilities:		
Notes and accounts payable-trade	12,031	9,691
Short-term bank loans	253	332
Current portion of corporate bonds	2,000	-
Current portion of long-term bank loans	7,440	7,540
Income taxes payable	316	190
Allowance for directors' and corporate auditors' bonuses	40	80
Others	5,069	4,477
Total current liabilities	27,151	22,312
Long-Term Liabilities:		
Corporate bonds	2,000	4,000
Convertible bond	5,000	-
Long-term bank loans	5,414	6,084
Accrued retirement benefits	1,462	1,608
Others	278	276
Total long-term liabilities	14,154	11,968
TOTAL LIABILITIES	41,306	34,281
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	32,290	30,894
Treasury stock	(46)	(46)
Total shareholders' equity	54,662	53,267
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	735	1,192
Deferred gains or losses on hedges	(0)	(5)
Foreign currency translation adjustments	(2,316)	(2,483)
Total accumulated other comprehensive income	(1,581)	(1,296)
TOTAL NET ASSETS	53,080	51,970
TOTAL LIABILITIES AND NET ASSETS	94,387	86,252

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

For the six-month period ended September 30, 2011 and 2010

	Millions of yen	
	September 30, 2011	September 30, 2010
Net Sales	23,162	21,376
Cost of Sales	16,513	14,804
Gross Profit	6,648	6,571
Selling, General and Administrative Expenses	4,492	4,389
Operating Income	2,156	2,182
Non-Operating Income:		
Interest income	9	4
Dividend income	139	49
Insurance income	-	52
Others	56	62
	205	168
Non-Operating Expenses:		
Interest expenses	129	136
Sales discount	33	27
Loss on retirement of tangible fixed assets	26	13
Foreign currency translation loss	216	97
Others	42	9
	448	284
Ordinary Income	1,913	2,066
Extraordinary Income:		
Gain on sales of investment securities	79	-
	79	-
Extraordinary Loss:		
Loss from write-down of investment in securities	0	63
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	30
	0	93
Income before Income Taxes	1,992	1,972
Income Taxes	186	709
Income before Minority Interests	1,806	1,263
Net Income	1,806	1,263

Consolidated Statements of Comprehensive Income

For the six-month period ended September 30, 2011 and 2010

	Millions of yen	
	September 30, 2011	September 30, 2010
Income before Minority Interests	1,806	1,263
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	(457)	(492)
Deferred gains or losses on hedges	5	(2)
Foreign currency translation adjustments	166	(596)
Total Other Comprehensive Income	(285)	(1,091)
Comprehensive Income	1,520	171
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,520	171

(3) Consolidated Statements of Cash Flows

For the six-month period ended September 30, 2011 and 2010

	Millions of yen	
	September 30, 2011	September 30, 2010
Cash Flows from Operating Activities:		
Income before income taxes	1,992	1,972
Depreciation and amortization	1,422	1,199
Decrease in account reserve	(187)	(5)
Interest and dividend income	(149)	(54)
Interest expenses	129	136
Loss on retirement of fixed assets	26	13
Gain on sales of investment in securities	(79)	-
Loss from write-down of investment in securities	0	63
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	30
Insurance income	-	(52)
Decrease (Increase) in notes and accounts receivable-trade	5	(3,154)
Decrease (Increase) in inventories	(3,630)	433
Increase in notes and accounts payable-trade	2,235	3,379
Increase in accrued expenses	258	244
Others-net	(276)	(32)
Subtotal	1,749	4,173
Interest and dividend income received	72	54
Interest paid	(134)	(138)
Income taxes paid	(227)	(166)
Net cash provided by operating activities	1,460	3,923
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(4,165)	(257)
Proceeds from sales of investment in securities	172	10
Proceeds from cancellation of insurance funds	-	1,261
Others-net	(853)	(72)
Net cash provided by (used in) investing activities	(4,847)	941

	Millions of yen	
	September 30, 2011	September 30, 2010
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term bank loans	(37)	25
Proceeds from long-term bank loans	-	500
Repayments of long-term bank loans	(770)	(537)
Proceeds from convertible bond	5,000	-
Cash dividends paid	(404)	(220)
Others-net	(0)	(1)
Net cash provided by (used in) financing activities	3,788	(234)
Foreign currency translation adjustments on cash and cash equivalents	57	(104)
Net increase in cash and cash equivalents	457	4,525
Cash and cash equivalents at beginning of year	21,837	16,079
Cash and cash equivalents at end of period	22,295	20,605

(4) Notes on the Premise of a Going Concern

There are no applicable articles.

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

There are no applicable articles.