

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

May 12, 2014

Consolidated Financial Report
for the Fiscal Year ended March 31, 2014
<Japanese GAAP>

Representative: Shigeki Miyachi, President and Representative Director

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Scheduled Date of Ordinary General Meeting of Shareholders:	June 27, 2014
Scheduled Date to Submit Annual Securities Report:	June 27, 2014
Scheduled Date to Begin Dividend Payments:	June 30, 2014
Preparation of Supplementary Explanation Material for Financial Results:	Yes
Holding of Presentation Meeting for Financial Results:	Yes (Targeted at institutional investors and analysts)

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

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2014
(From April 1, 2013 to March 31, 2014)

(1) Results of Consolidated Operations

Years ended March 31, 2014 and 2013

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
2014	39,259	9.2	(251)	-	857	(41.5)	568	-
2013	35,962	(15.4)	1,185	(61.2)	1,465	(48.7)	(124)	-

Notes: Comprehensive income

Fiscal year ended March 31, 2014: 3,531 million yen 255.2 %

Fiscal year ended March 31, 2013: 994 million yen (56.0) %

: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 (%)	Operating income to net sales (%)
2014	7.75	7.01	1.0	1.0	(0.6)
2013	(1.69)	-	(0.2)	1.7	3.3

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2014: - million yen

Fiscal year ended March 31, 2013: - million yen

(2) Consolidated Financial Position

Years ended March 31, 2014 and 2013

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2014	86,891	56,121	64.6	767.94
2013	84,343	53,167	63.0	728.46

Reference: shareholders' equity

Fiscal year ended March 31, 2014: 56,121 million yen

Fiscal year ended March 31, 2013: 53,167 million yen

(3) Consolidated Cash Flows

Years ended March 31, 2014 and 2013

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
2014	9,051	(1,595)	(3,562)	14,290
2013	(352)	(2,768)	(1,561)	9,967

2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
2015 (Forecast)	-	5.00	-	5.00	10.00
2014	-	5.00	-	5.00	10.00
2013	-	5.00	-	4.00	9.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
2015 (Forecast)		33.4	
2014	734	129.0	1.3
2013	661	-	1.2

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2015

Six-month period ending September 30, 2014, and the fiscal year ending March 31, 2015						(Millions of yen)
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2014	21,000	8.4	1,800	197.5	1,800	51.6
Year ending March 31, 2015	42,000	7.0	3,600	-	3,600	320.0

	Net income	Percentage change	Net income per share (Yen)
Six-month period ending September 30, 2014	1,100	(6.3)	14.98
Year ending March 31, 2015	2,200	286.7	29.96

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 accounting policies and accounting estimates, and restatements

Changes in accounting policies arising from revision of accounting standards:	Yes
Changes other than those in above:	None
Changes in accounting estimates:	None
Restatements:	None

Note: For further details, please refer to “Changes in accounting policies” on page 22.

(3) Number of shares issued (Common stock)

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

Fiscal year ended March 31, 2014: 73,499,875 shares

Fiscal year ended March 31, 2013: 73,499,875 shares

Number of treasury stock

Fiscal year ended March 31, 2014: 62,420 shares

Fiscal year ended March 31, 2013: 59,769 shares

Average number of shares outstanding at period-end

Fiscal year ended March 31, 2014: 73,439,234 shares

Fiscal year ended March 31, 2013: 73,441,267 shares

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2014
(From April 1, 2013 to March 31, 2014)**

(1) Results of Non-consolidated Operations

Years ended March 31, 2014 and 2013

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
2014	34,636	10.0	141	(82.8)	738	(24.2)	119	-
2013	31,485	(18.8)	822	(70.7)	975	(63.7)	(140)	-

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)
2014	1.62	1.47
2013	(1.91)	-

(2) Non-consolidated Financial Position

Years ended March 31, 2014 and 2013

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2014	80,808	50,667	62.7	693.67
2013	80,830	50,178	62.1	687.77

Note: shareholders' equity

Fiscal year ended March 31, 2014: 50,667 million yen

Fiscal year ended March 31, 2013: 50,178 million yen

Disclosure with Regard to Implementation of Audit Procedures

Although falling outside audit procedures based on the Financial Instruments and Exchange Law, these financial results are subjected to such audit procedures, which are not 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, May 12, 2014. 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 page 6.

Operating Results and Financial Position

(1) Analysis of Operating Results

Overview for the Fiscal Year Ended March 31, 2014

The Japanese economy in the consolidated fiscal year ended March 31, 2014 saw gradual improvement amid indications of improved corporate performance and recovery in private capital investment backed by the yen depreciate and a rise in stock prices triggered by government economic policies and monetary easing by the Bank of Japan. Overseas, the U.S. economy was firm, backed by increased personal consumption, and the European economy showed signs, albeit faint, of recovery. The rate of economic growth in China slowed somewhat but remained steady.

The environment in which the Group operates is undergoing major changes as both domestic and international competition grow more intense, leading to even higher demand for high quality, low costs, and quick delivery.

Under these circumstances, the Group took a range of measures to further enhance its competitiveness.

From a sales perspective, the Group developed a “user-centered, proposal-based sales approach” as it endeavored to increase sales and the market penetration of IKO brands. Overseas, the Group worked to strengthen its marketing capabilities at sales subsidiaries in North America, Europe and China while developing sales agencies in South America and the Middle East. With an eye to developing markets in Southeast Asia and India, the Group also established the sales subsidiary IKO Thompson Asia Co., Ltd. in Thailand and kicked off operations there April 1, 2014.

From a product development standpoint, the Group worked to enhance its lineup of high-value-added products to meet user needs, including by expanding the well-received “Maintenance-Free Series,” which features reductions in both environmental impact and man-hours needed for refueling and maintenance, and the introduction of Linear Motion Rolling Guides with considerably improved sealing and excellent dust protection.

From a production standpoint, the Group took steps to increase overseas production subsidiary IKO Thompson Vietnam Co., Ltd.’s production capability and range of products produced in an effort to improve cost-competitiveness. Furthermore, the Group worked to further reduce costs through such measures as reinforcing the global procurement of parts and materials.

Turning to the Group’s operational results, domestic demand for precision machinery and electronics-related industries including semiconductor manufacturing equipment, recovered. Overseas, sales of products for medical equipment and precision machinery increased in North America and Europe, backed by higher import competitiveness due to the devaluation of the yen. In Asia, demand in the Chinese market was sluggish, reflecting slowing economic growth, but sales in other Asian countries were firm thanks to sales support to sales agencies and efforts to cultivate new customers.

As a result, the Group’s net sales increased 9.2% compared with the corresponding period of the previous fiscal year, to ¥39,259 million. On the earnings front, despite continued efforts to reduce expenditures and costs, changes in the operating environment led to a ¥1,809 million loss on devaluation of inventories and a ¥359 million loss on disposal of inventories, which, along with ordinary revaluation of inventories, were posted under cost of sales. This contributed to an operating loss of ¥251 million compared with operating income of ¥1,185 million in the previous fiscal year. Ordinary income came to ¥857 million, down 41.5% year on year, due in part to the improvement in foreign exchange rate. Net income for the fiscal year under review

totaled ¥568 million, compared with net loss of ¥124 million for the previous fiscal year.

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 ¥34,262 million, an 8.5% increase compared with the corresponding period in the previous fiscal year. Sales of Machine Components rose 14.0% to ¥4,997 million.

Business Segment Information

	March 31, 2014		March 31, 2013		Change	
	Millions of yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	34,262	87.3	31,577	87.8	2,685	8.5
Machine Components	4,997	12.7	4,385	12.2	611	14.0
Total net sales	39,259	100.0	35,962	100.0	3,297	9.2

Outlook

Regarding future forecasts, the Japanese economy is expected to continue its gradual recovery backed by the weaker yen and rise in stock prices. The state of the overall world economy is also expected to improve, driven by such developed nations as the United States, where steady economic recovery is expected, and European countries, which are showing signs of picking up, while China and other emerging economies shift toward speedy recovery.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥42.0 billion, ordinary income of ¥3.6 billion and net income of ¥2.2 billion for the year ending March 31, 2015.

(2) Analysis of Financial Position

Total assets as of March 31, 2014, totaled ¥86,891 million, an increase of ¥2,548 million compared with the end of the previous fiscal year. This mainly comprised increases in cash and deposits of ¥4,653 million, notes and accounts receivable-trade of ¥881 million and investment securities of 1,484 million as well as a decrease in inventories of ¥4,696 million.

Total liabilities amounted to ¥30,770 million, a decrease of ¥405 million compared with the end of the previous fiscal year. This mainly comprised increases in notes and accounts payable-trade of ¥1,426 million, income taxes payable of ¥617 million and lease obligations of ¥593 million as well as a decrease in long-term bank loans of ¥3,556 million.

Total net assets amounted to ¥56,121 million, an increase of ¥2,954 million compared with the end of the previous fiscal year. The main component was an increase in total accumulated other comprehensive income of ¥2,990 million.

Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥14,290 million, an increase of ¥4,323 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥9,051 million. The major contributors to this result were depreciation and amortization of ¥2,636 million, a decrease in inventories of ¥5,909 million, an increase in notes and accounts payable-trade of ¥1,070 million and an increase in notes and accounts receivable-trade of ¥565 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥1,595 million. This result was primarily attributable to the purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥3,562 million. This was mainly due to repayments of long-term bank loans.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Equity ratio (%)	60.3	57.4	63.0	64.6
Equity ratio on market value basis (%)	56.6	41.2	39.8	42.3
Debt repayment period (Years)	2.7	-	-	2.2
Interest coverage ratio (Times)	24.6	-	-	50.3

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 ¥5 per share. Including the interim dividend of ¥5 per share, the planned full-year dividend payment ¥10 per share.

The Company is forecasting a dividend of ¥10 per share (including an interim dividend of ¥5) for the fiscal year ending March 31, 2015.

(4) Business Risks and Other Risks

Risk factors that may possibly have an effect on the Group’s operating results and financial position are set out below. While acknowledging the possibility of these risks occurring, the Group has policies in place to prevent any occurrence and, should the need arise, to respond appropriately.

Forward-looking statements in the text are based on the judgments of the Group’s management as of May 12, 2014, the date of this financial report.

1. Market environment

The Group’s sales are made up of 85% for Needle Roller Bearings, Linear Motion Rolling Guides and 15% for Machine Components with no major changes foreseen in this respect; no entries into new business areas are foreseen at the present time.

The Group’s products are used in a wide variety of fields, including domestic and overseas electronics-related industries, machine tools, automobiles and motorbikes, robots, construction and general machinery. The proportion of sales to specific industrial fields, especially semiconductor and electronic components mounting equipment and machine tools, is becoming relatively high. By making strenuous efforts to expand sales to other industries, the Group is attempting to mitigate the impact of demand fluctuations in these specific fields. At present, however, the Group’s operating results and financial position could be affected by a sharp contraction in demand in these specific fields. In addition, the possibility exists that the decline in demand resulting from the recession in the Group’s main markets, which include Japan, North America, Europe and Asia, will affect its operating results and financial position.

2. Currency exchange rate movements

The Group sells its products in global markets, including North America, Europe and Asia. Therefore, although the Group hedges the risk from currency exchange rate movements by means of forward-exchange contracts, it is not possible to completely eliminate this risk. In addition, items denominated in foreign currencies, including the sales, costs and assets of overseas consolidated subsidiaries in the United States, the Netherlands and China, etc. are translated into yen for the purposes of the consolidated financial statements and can be affected by currency exchange rate movements.

3. Overseas business activities

As the Group conducts an increasing proportion of its business in overseas markets, the possibility exists that its business operations will be affected by, for example, changes in foreign laws and regulations as well as by political and economic turmoil.

4. Product development

Needle Roller Bearings, Linear Motion Rolling Guides produced and sold by the Group reflect customer needs gathered by its “user-centered, proposal-based sales approach” which forms the linchpin of its sales strategy. The products are launched into markets having been extensively developed so that they are set apart from rival companies’ products. However, should a fall in demand be caused by lower-cost products that nevertheless display comparatively superior quality and performance, there remains the concern that this would cause difficulties in setting sales prices commensurate with the Group’s value-added products.

5. Production system

The Group regards as indispensable the prioritizing of investment in raw materials and production facilities so that it can respond to the constantly changing demands in domestic and overseas markets as well as to requests for shorter delivery times. Accordingly, the Group endeavors to maintain and improve a production system that is capable of responding flexibly to user needs. There remains the concern, however, that greater than expected short-term changes in demand may result in supply delays and cost increases. In addition, the Group procures raw materials and components from outside suppliers for use in the manufacture of its products. Procurement of these raw materials and components could be subject to a number of detrimental factors: rising prices as well as product shortages resulting from market volatility; insufficient production capacity at suppliers; fires or natural disasters at suppliers; and supplier bankruptcy. In such event, the Group’s operating results could be adversely affected should product manufacturing costs rise or production be halted.

6. Maintaining product quality

The Group ensures product quality through its comprehensive quality control system. Nevertheless, operating results may be affected by indemnity liabilities arising from customer complaints should issues with raw materials, production processes or product quality management lead to the manufacture of non-shippable products.

7. Debt default by business partners

The Group maintains systems, primarily through its sales department, that constantly monitor and update information related to the credit standing of its business partners. Nevertheless, risks exist regarding unforeseen loan default and credit loss caused by changes in the economic environment. In the event that domestic or overseas business partners default on debt as a result of economic downturn or intensified competition, the Group's operating results and financial position may be adversely affected.

8. Infringement of intellectual property rights

With regard to technology ownership, the Group makes efforts to safeguard its technologies by obtaining such intellectual property rights as patents. However, there remains the possibility that the Group's intellectual property rights will be infringed by other companies; should this happen, it could affect the Group's business activities.

9. Environmental problems

The Group works to reduce environmental impact by formulating its "Environmental Policy", taking measures to deal with environmental problems and developing energy efficient products. In addition, the Group obtained ISO14001 certification, the international standard for environmental management system, and adheres to Japanese and overseas legal regulations as a matter of course. The Group also complies with numerous regulations represented by European ELV Directives and the RoHS Directive. In spite of these actions, the Group's operating results may be negatively impacted by expenses incurred in the event that unexpected circumstances lead to future environmental problems.

10. Information leakage

During the course of its business activities, the Group has access to a wide array of important and personal information. In order to prevent leaks to outside parties and unintentional usage, the Group manages such information through the establishment and dissemination of its Basic Information Security Policy and Personal Information Protection Policy. In the event that an information leak is caused by unforeseen circumstances, the Group could incur significant costs in response to a subsequent loss of public trust.

11. Occurrence of a large-scale disaster

In the event a large-scale natural or other disaster (including but not limited to earthquakes, floods, fires or snow damage) occurs at the Group's factories or its business partners' facilities, performance may be affected by a reduction or complete cessation of production because of damage to production, products or work in process. Moreover, the Group's production and sales activities may be negatively affected by material damage or injuries to personnel in the event that a terrorist attack or changes in political conditions result in social turmoil.

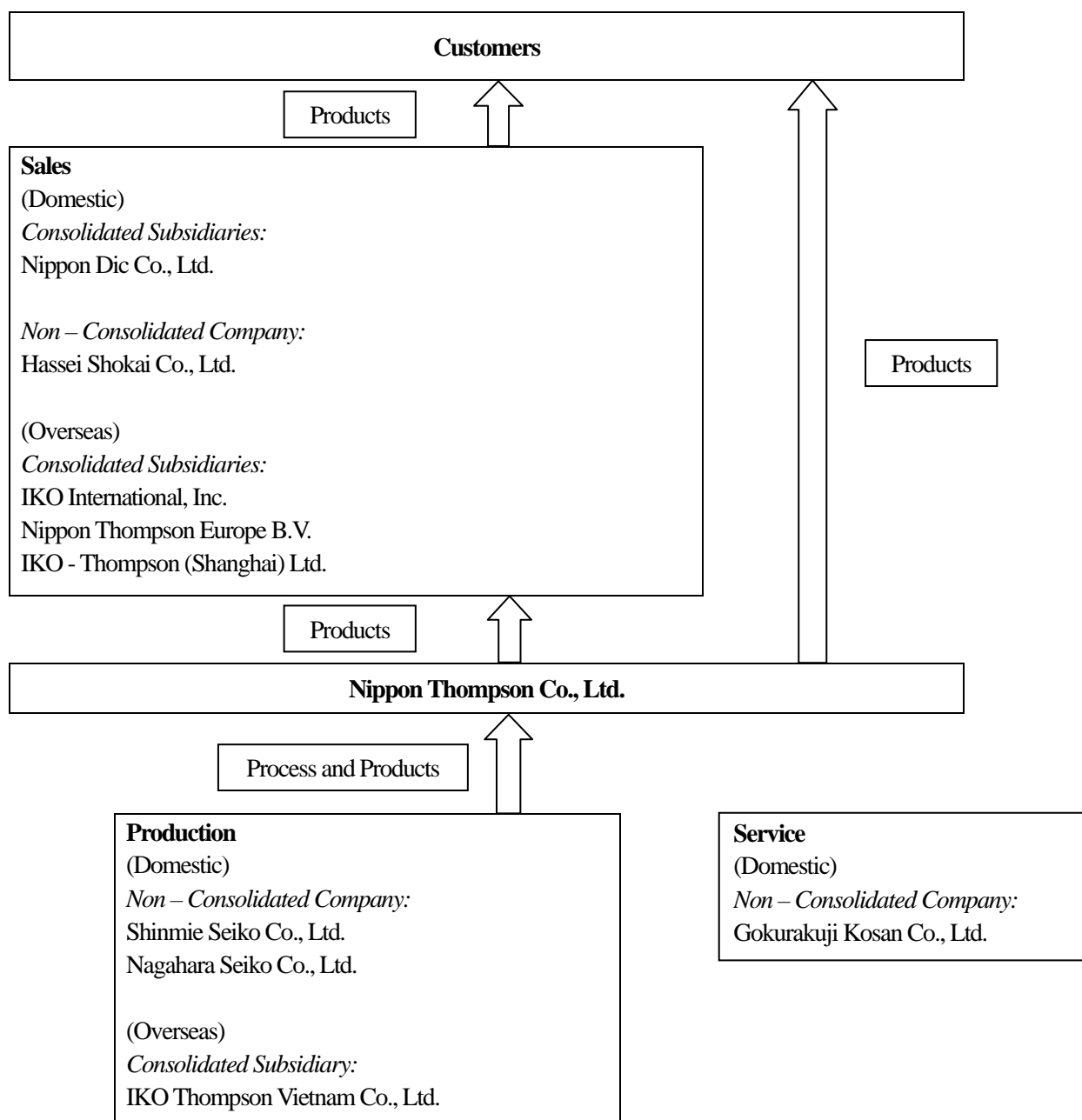
The Group's main factories are concentrated within Gifu Prefecture in Japan. In the unlikely event that a large-scale earthquake, flood or other disaster occurs in this region, the Group's operating results and financial position may be negatively impacted.

The various kinds of risk stated above are not intended to provide an exhaustive list of all the forms of risk to which the Group might be exposed.

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.



Note: The Group established IKO Thompson Asia Co., Ltd. in Thailand and kicked off operations there April 1, 2014.

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 user 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 main businesses of the Group are expected to experience a steady increase in demand from various sectors, centered on the machine tools and semiconductor manufacturing equipment industry. This forecasted rise in demand is attributable to the global growth of the machinery and electronics industry. In step with worldwide trends toward the prevention of global warming, the Company’s products, which meet the need for compact, power-saving machinery, are present in business fields that possess growth potential.

We aim to develop into a globally trusted and indispensable business group with a unique presence through the manufacture and sale of Needle Roller Bearing and Linear Motion Rolling Guides. To this end, the Group will implement measures to increase international competitiveness based on a flexible approach to addressing changes in the operating environment.

From the sales perspective, the Group will further promote the IKO brand by actively developing on a global scale a

“user-centered, proposal-based sales approach” as a pillar of its sales policy. In addition, we are revamping our sales systems to improve efficiency and also aim to increase sales by cultivating existing markets and nurturing new ones. In particular, the Group will work to expand sales in the Chinese Market, where demand is expected to grow, by strengthening both the technological support our subsidiary IKO-Thompson (Shanghai) Ltd. provides to local sales agencies and the cultivation of demand. Going forward, growth is also expected in Southeast Asia and India, and we will work to enhance our sales network through sales subsidiary IKO Thompson Asia Co., Ltd, established in April 2014, to actively develop these markets and strengthen the foundation for future business.

Regarding product development, the Group is continually working to create high-value-added products that meet user needs. By assessing demand trends and needs in various regions worldwide, sharing user values and taking advantage of our superior technological capabilities, we will develop products that anticipate user needs.

Turning to production activities, the Group will strive toward the optimal global procurement of parts and materials and work toward improving the international competitiveness of production subsidiary IKO Thompson Vietnam Co., Ltd, a key production base in the Group’s global strategy, by expanding the range of products the company produces and achieving stable quality at reduced cost. In terms of domestic manufacturing bases, we will improve customer satisfaction through finely tuned production responsiveness.

Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31, 2014 and 2013

ASSETS	Millions of yen	
	March 31, 2014	March 31, 2013
Current Assets:		
Cash and deposits	14,748	10,095
Notes and accounts receivable-trade	9,577	8,696
Finished products	14,028	15,614
Material in process	9,613	10,672
Raw material	5,938	7,990
Deferred tax assets	2,811	1,810
Others	1,175	1,298
Less: Allowance for doubtful accounts	(19)	(25)
Total current assets	<u>57,873</u>	<u>56,151</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,124	5,401
Machinery and vehicles	9,309	9,451
Tools and fixtures	486	525
Land	3,094	3,091
Lease assets	591	-
Construction in progress	95	358
Total tangible fixed assets	<u>18,701</u>	<u>18,829</u>
Intangible fixed assets	609	396
Investments and other assets:		
Investment securities	7,591	6,106
Deferred tax assets	560	1,300
Others	1,604	1,621
Less: Allowance for doubtful accounts	(49)	(64)
Total investments and other assets	<u>9,706</u>	<u>8,965</u>
Total fixed assets	<u>29,017</u>	<u>28,191</u>
TOTAL ASSETS	<u><u>86,891</u></u>	<u><u>84,343</u></u>

LIABILITIES	Millions of yen	
	March 31, 2014	March 31, 2013
Current Liabilities:		
Notes and accounts payable-trade	5,913	4,487
Short-term bank loans	600	-
Current portion of long-term bank loans	2,859	3,556
Lease obligations	48	-
Accrued expenses	2,105	1,860
Income taxes payable	742	125
Allowance for directors' and corporate auditors' bonuses	70	70
Others	667	715
Total current liabilities	13,007	10,815
Long-Term Liabilities:		
Corporate bonds	5,000	5,000
Convertible bond	5,000	5,000
Long-term bank loans	6,319	9,179
Lease obligations	545	-
Deferred tax liabilities	13	5
Accrued retirement benefits	-	1,096
Net defined benefit liabilities	786	-
Others	98	79
Total long-term liabilities	17,762	20,360
TOTAL LIABILITIES	30,770	31,176
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	31,777	31,870
Treasury stock	(322)	(378)
Total shareholders' equity	53,874	53,911
Accumulated other comprehensive income:		
Net unrealized holding gains on available-for-sale securities	2,165	1,173
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustments	53	(1,918)
Remeasurements of defined benefit plans	27	-
Total accumulated other comprehensive income	2,246	(744)
TOTAL NET ASSETS	56,121	53,167
TOTAL LIABILITIES AND NET ASSETS	86,891	84,343

Consolidated Statements of Income

Years ended March 31, 2014 and 2013

	Millions of yen	
	March 31, 2014	March 31, 2013
Net Sales	39,259	35,962
Cost of Sales	30,139	26,255
Gross Profit	9,120	9,707
Selling, General and Administrative Expenses	9,372	8,521
Operating Income (Loss)	(251)	1,185
Non-Operating Income:		
Interest income	13	10
Dividend income	113	120
Real estate rent	31	31
Foreign currency translation gain	855	324
Subsidy income	200	-
Others	141	125
	1,355	612
Non-Operating Expenses:		
Interest expenses	161	212
Sales discounts	66	51
Loss on retirement of fixed assets	-	17
Others	18	50
	246	332
Ordinary Income	857	1,465
Extraordinary Income:		
Gain on sales of investment in securities	167	-
	167	-
Extraordinary Losses:		
Loss on retirement of fixed assets	122	-
Loss from write-down of investment in securities	-	84
Impairment loss	197	1,161
	320	1,245
Income before Income Taxes	704	219
Income Taxes:		
Current	864	239
Deferred	(728)	104
Income (Loss) before Minority Interests	568	(124)
Net Income (Loss)	568	(124)

Consolidated Statements of Comprehensive Income

Years ended March 31, 2014 and 2013

	Millions of yen	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Income (Loss) before Minority Interests	568	(124)
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	991	209
Deferred gains or losses on hedges	(0)	3
Foreign currency translation adjustments	<u>1,971</u>	<u>906</u>
Total Other Comprehensive Income	<u>2,962</u>	<u>1,118</u>
Comprehensive Income	<u>3,531</u>	<u>994</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	3,531	994

Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder' equity
As of April 1, 2013	9,532	12,886	31,870	(378)	53,911
Changes during the period					
Cash dividends	-	-	(660)	-	(660)
Net Income	-	-	568	-	568
Acquisition of treasury stock	-	-	-	(1)	(1)
Disposal of treasury stock	-	-	(0)	57	57
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	-	-	(92)	56	(36)
As of March 31, 2014	9,532	12,886	31,777	(322)	53,874

	Accumulated other comprehensive income					Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	
As of April 1, 2013	1,173	0	(1,918)	-	(744)	53,167
Changes during the period						
Cash dividends	-	-	-	-	-	(660)
Net Income	-	-	-	-	-	568
Acquisition of treasury stock	-	-	-	-	-	(1)
Disposal of treasury stock	-	-	-	-	-	57
Net changes in items other than shareholders' capital	991	(0)	1,971	27	2,990	2,990
Total changes during the period	991	(0)	1,971	27	2,990	2,954
As of March 31, 2014	2,165	-	53	27	2,246	56,121

For the fiscal year ended March 31, 2013

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder' equity
As of April 1, 2012	9,532	12,886	32,840	(46)	55,212
Changes during the period					
Cash dividends	-	-	(844)	-	(844)
Net Loss	-	-	(124)	-	(124)
Acquisition of treasury stock	-	-	-	(335)	(335)
Disposal of treasury stock	-	-	(1)	4	3
Net changes in items other than shareholders' capital	-	-	-	-	-
Total changes during the period	-	-	(970)	(331)	(1,301)
As of March 31, 2013	9,532	12,886	31,870	(378)	53,911

	Accumulated other comprehensive income					Total net assets
	Net unrealized holding gains on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated other comprehensive income	
As of April 1, 2012	964	(2)	(2,824)	-	(1,862)	53,349
Changes during the period						
Cash dividends	-	-	-	-	-	(844)
Net Loss	-	-	-	-	-	(124)
Acquisition of treasury stock	-	-	-	-	-	(335)
Disposal of treasury stock	-	-	-	-	-	3
Net changes in items other than shareholders' capital	209	3	906	-	1,118	1,118
Total changes during the period	209	3	906	-	1,118	(182)
As of March 31, 2013	1,173	0	(1,918)	-	(744)	53,167

Consolidated Statements of Cash Flows

Years ended March 31, 2014 and 2013

	Millions of yen	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Cash Flows from Operating Activities:		
Income before income taxes	704	219
Depreciation and amortization	2,636	3,048
Impairment loss	197	1,161
Decrease in allowance for doubtful accounts	(22)	(10)
Decrease in allowance for directors' and corporate auditors' bonuses	-	(10)
Decrease in accrued retirement benefits	-	(256)
Decrease in net defined benefit liabilities	(267)	-
Interest and dividend income	(127)	(131)
Interest expenses	161	212
Loss on retirement of fixed assets	122	17
Gain on sales of investment in securities	(167)	-
Loss from write-down of investment in securities	0	84
Decrease (Increase) in notes and accounts receivable-trade	(565)	916
Decrease in inventories	5,909	1,823
Decrease in other accounts receivable	459	396
Increase (Decrease) in notes and accounts payable-trade	1,070	(5,054)
Increase (Decrease) in accrued expenses	214	(471)
Others-net	(985)	(814)
Subtotal	<u>9,341</u>	<u>1,132</u>
Interest and dividend income received	126	131
Interest paid	(180)	(211)
Income taxes paid	(236)	(1,404)
Net cash provided by (used in) operating activities	<u>9,051</u>	<u>(352)</u>

	Millions of yen	
	March 31, 2014	March 31, 2013
Cash Flows from Investing Activities:		
Payments into time deposits	(395)	(155)
Proceeds from time deposits	95	75
Payments for purchase of property, plant and equipment	(1,170)	(2,691)
Payments for purchase of investment securities	(114)	(14)
Proceeds from sales of investment securities	269	20
Payments for purchase of insurance funds	(258)	(395)
Proceeds from cancellation of insurance funds	369	542
Others-net	(389)	(150)
Net cash used in investing activities	(1,595)	(2,768)
Cash Flows from Financing Activities:		
Proceeds from short-term bank loans	600	7,969
Repayments of short-term bank loans	-	(8,206)
Proceeds from long-term bank loans	-	1,834
Repayments of long-term bank loans	(3,556)	(2,981)
Proceeds from corporate bonds	-	5,000
Repayments of corporate bonds	-	(4,000)
Cash dividends paid	(661)	(844)
Payments for purchase of treasury stock	(1)	(335)
Others-net	57	3
Net cash used in financing activities	(3,562)	(1,561)
Foreign currency translation adjustments on cash and cash equivalents	429	(57)
Net increase (decrease) in cash and cash equivalents	4,323	(4,740)
Cash and cash equivalents at beginning of year	9,967	14,707
Cash and cash equivalents at end of year	14,290	9,967

Notes on the Premise of a Going Concern

There are no applicable articles.

Changes in accounting policies

(Changes in accounting policies which are difficult to distinguish from changes in accounting estimates)

As of March 31, 2014, the Group adopted the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ), Statement No. 26, issued on May 17, 2012; hereinafter “Retirement Benefits Accounting Standards”) and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012; hereinafter the “Guidance”), excluding the provisions stipulated in the main clause of Article 35 of the Retirement Benefits Accounting Standards and in the main clause of Article 67 of the Guidance. Accordingly, the Group’s retirement benefit liabilities are now presented as net defined benefit liabilities, which are obtained by deducting pension assets from retirement benefit liabilities and include previously unrecognized actuarial gains or losses.

The adoption of the Retirement Benefits Accounting Standards and its Guidance is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards. Accordingly, the impact of the abovementioned revision in calculation methods was included in cumulative adjustments to benefit liabilities and recorded as accumulated other comprehensive income at the end of the fiscal year under review.

As a result, as of March 31, 2014, the Group posted net defined benefit liabilities of ¥786 million. Deferred tax liabilities increased ¥16 million and accumulated other comprehensive income rose ¥27 million.

The influence of these changes on per share information is explained in the Per Share Information on page 29.

Additional Information

(Valuation of inventories)

Changes in the operating environment led to a ¥1,809 million loss on devaluation of inventories and a ¥359 million loss on disposal of inventories, which, along with ordinary revaluation of inventories, were posted under cost of sales.

(Accounting procedures for the ESOP trust)

With the improvement of the employee benefits system as its principle goal, the Company established an Employee Stock Ownership Plan (ESOP) trust, a trust-type employee incentive program.

The ESOP trust (hereafter referred to as the Trust Account) was established by the Company to cover employees enrolled in the Nippon-Thompson Employee Stock Ownership Association (hereafter referred to as the Company's Stock Ownership Association) who fulfill certain criteria for becoming beneficiaries. Within a predetermined acquisition period, the Trust Account acquires shares of treasury stock in a number equivalent to that which the Company's Stock Ownership Association expects to acquire over the five years, and then sells on said stock to the Company's Stock Ownership Association on a set day every subsequent month. At the end of the term of the trust, if the Trust Account records a profit due to higher share prices, this profit shall be distributed to the beneficiaries in proportion to their individual contributions. If the Trust Account records a loss on transfer due to lower share prices and debt is incurred on trust assets, no additional burden will be imposed on employees as the Company will repay the bank in one lump sum in accordance with the warranty of the loan agreement.

With regard to the acquisition or disposal of treasury stock, the Company's stockholdings and the Trust Account holdings are considered a single entity for accounting purposes. Income as well as debt and assets, including treasury stock held by the Trust Account, are recorded in the consolidated balance sheets, the consolidated statements of income, the statement of changes in consolidated shareholders' equity and the consolidated statements of cash flows.

Number of treasury stock as of March 31, 2014 is as follows.

Number of treasury stock:	710,420 shares
Number of treasury stock held by the Company:	62,420 shares
Number of treasury stock held by the Trust Account:	648,000 shares

(Revisions to deferred tax asset and deferred tax liability amounts due to change in the statutory tax rate)

Under the Law for Partial Amendment of the Income Tax, etc. (Law No. 10 of 2014), promulgated March 31, 2014, the Special Corporate Tax for Reconstruction will no longer be levied as of the fiscal year beginning April 1, 2014. As a result, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the fiscal year under review has been changed from 38.0% in the previous year to 35.6%, reflecting the anticipated resolution of temporary differences in the fiscal year opened April 1, 2014.

As a result of these changes, deferred tax assets (net of deferred tax liabilities) decreased ¥97 million, and income taxes deferred increased the same amount.

Notes

(Consolidated Balance Sheets)

	Millions of yen	
	March 31, 2014	March 31, 2013
1. Items for non-consolidated subsidiaries		
Investment securities	115	115

(Consolidated Statements of Income)

	Millions of yen	
	March 31, 2014	March 31, 2013
1. Major items of Selling, general and administrative expenses		
Employees' salaries	3,460	3,223
Welfare expenses	662	621
Packing and distribution expenses	480	402
Rent expenses	576	523
Business consignment expenses	802	783
2. Research and development costs	785	683

3. Impairment loss

The Group recorded impairment losses on the following assets.

For the fiscal Year ended March 31, 2014

Address	Use	Category	Impairment Loss (Millions of yen)
Minato-ku, Tokyo	Business assets	Buildings and structures, etc	64
Minato-ku, Tokyo	Idle assets	Intangible fixed assets	133

Based on management accounting classifications, the Group conducted asset grouping. Idle assets were placed in the asset grouping for each individual unit.

With regard to idle and other fixed assets held by the Group, following an investigation into the future recoverability of such assets conducted in accordance with “the accounting standard for the impairment of fixed assets”, the Group recorded a ¥197 million “Impairment loss” under extraordinary loss.

The recoverable value of said idle assets was originally estimated based on the net of fair value less selling costs, but due to the difficulty of selling or repurposing the assets, the fair value has been reduced to ¥0.

For the fiscal Year ended March 31, 2013

Address	Use	Category	Impairment Loss (Millions of yen)
Mino-shi, Gifu Prefecture	Idle assets	Machinery	372
Toki-shi, Gifu Prefecture	Idle assets	Machinery, etc.	788

Based on management accounting classifications, the Group conducted asset grouping. Idle assets were placed in the asset grouping for each individual unit.

With regard to idle and other fixed assets held by the Group, following an investigation into the future recoverability of such assets conducted in accordance with “the accounting standard for the impairment of fixed assets”, the Group recorded a ¥1,161 million “Impairment loss” under extraordinary loss.

The recoverable value of said idle assets was originally estimated based on the net of fair value less selling costs, but due to the difficulty of selling or repurposing the assets, the fair value has been reduced to ¥0.

(Statement of Changes in Consolidated Shareholders' Equity)

For the fiscal Year ended March 31, 2014

1. Class and Number of Shares Issued

	As of April 1, 2013 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2014 (Shares)
Common stock	73,499,875	-	-	73,499,875

2. Class and Number of Treasury stock

	As of April 1, 2013 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2014 (Shares)
Common stock	59,769	3,571	920	62,420

Notes: 1. The increase of 3,571 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

2. The decrease of 920 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

3. The 648,000 shares held by the ESOP trust are not treasury stock held and are therefore not included in treasury stock.

3. Subscription rights

	Breakdown of subscription rights	Type of shares subject to subscription rights	Number of shares subject to subscription rights (Shares)				Balance as of March 31, 2014 (Millions of yen)
			As of April 1, 2013	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2014	
The Company	Second Series of Unsecured Convertible Bonds with Subscription Rights (Issued April 19, 2011)	Common stock	7,751,937	-	-	7,751,937	Note

Note: The total amount of convertible bonds with subscription rights shall be recorded as liabilities at the time of issuance pursuant to the issuance of straight bonds.

4. 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, 2013	Common stock	293	4.00	March 31, 2013	June 28, 2013
Board of directors on November 11, 2013	Common stock	367	5.00	September 30, 2013	December 11, 2013

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 27, 2013, include ¥3 million to be paid as dividends on the 783,000 shares of treasury stock held to date by the ESOP trust.

2. Total dividends, based on a resolution at a meeting of Board of Directors held on November 11, 2013, include ¥3 million to be paid as dividends on the 721,000 shares of treasury stock held to date by the ESOP trust.

(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 27, 2014	Common stock	Retained earnings	367	5.00	March 31, 2014	June 30, 2014

Note: Total dividends include ¥3 million to be paid as dividends on the 648,000 shares of treasury stock held to date by the ESOP trust.

For the fiscal Year ended March 31, 2013

1. Class and Number of Shares Issued

	As of April 1, 2012 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2013 (Shares)
Common stock	73,499,875	-	-	73,499,875

2. Class and Number of Treasury stock

	As of April 31, 2012 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2013 (Shares)
Common stock	57,172	5,053	2,456	59,769

Notes: 1. The increase of 5,053 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

2. The decrease of 2,456 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

3. The 783,000 shares held by the ESOP trust are not treasury stock held and are therefore not included in treasury stock.

3. Subscription rights

	Breakdown of subscription rights	Type of shares subject to subscription rights	Number of shares subject to subscription rights (Shares)				Balance as of March 31, 2013 (Millions of yen)
			As of April 1, 2012	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2013	
The Company	Second Series of Unsecured Convertible Bonds with Subscription Rights (Issued April 19, 2011)	Common stock	7,751,937	-	-	7,751,937	Note

Note: The total amount of convertible bonds with subscription rights shall be recorded as liabilities at the time of issuance pursuant to the issuance of straight bonds.

4. 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 28, 2012	Common stock	477	6.50	March 31, 2012	June 29, 2012
Board of directors on November 12, 2012	Common stock	367	5.00	September 30, 2012	December 12, 2012

(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 27, 2013	Common stock	Retained earnings	293	4.00	March 31, 2013	June 28, 2013

Note: Total dividends include ¥3 million to be paid as dividends on the 783,000 shares of treasury stock held to date by the ESOP trust.

(Consolidated Statements of Cash Flow)

	Millions of yen	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets.		
Cash and deposits	14,748	10,095
Time deposits with maturity exceeding three months	(457)	(127)
Cash and cash equivalents at end of year	14,290	9,967

(Segment Information)

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

(Per Share Information)

	Yen	
	March 31, 2014	March 31, 2013
Net assets per share	767.94	728.46
Net income (loss) per share	7.75	(1.69)
Diluted net income per share	7.01	-

Notes: 1. Diluted net income per share for the fiscal year ending March 31, 2013 has not been recorded, because, although there are residual securities, the Group posted a net loss per share.

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

	Millions of yen	
	March 31, 2014	March 31, 2013
Net income (loss) per share		
Net income (loss)	568	(124)
Value not attributed to common stock	-	-
Net income (loss) pertaining to common stock	568	(124)
Average number of shares outstanding during period	73,439,234shares	73,441,267shares
Diluted net income per share		
Net income adjustment value	-	-
Increase in number of shares outstanding	7,751,937shares	-
(of which convertible bonds with subscription rights)	(7,751,937shares)	(-)
Residual shares not included in the calculation of diluted net income per share because they have no dilutive effect	-	-

3. With regard to the computation of the number of shares outstanding at period-end, which is used to determine net assets per share, and the average number of shares outstanding at period-end, which is used to determine net income per share for the period or net loss per share for the period, the shares held by the ESOP trust are not treasury stock held and are therefore not included in treasury stock.

4. As noted under Changes in accounting policies, the adoption of the Retirement Benefits Accounting Standards is subject to the transitional treatment stipulated by Article 37 of the Retirement Benefits Accounting Standards.

As a result, net assets per share for this fiscal year under review increased ¥0.38.

(Important Subsequent Events)

There are no applicable articles.