

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 8, 2014

Consolidated Financial Report
for the First Quarter of the Fiscal Year Ending March 31, 2015
<Japanese GAAP>

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Scheduled Date to Submit Quarterly Annual Securities Report: August 8, 2014

Expected Date of Payment for Dividends: -

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 First Quarter of Fiscal Year Ending March 31, 2015
(From April 1, 2014 to June 30, 2014)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
June 30, 2014	11,017	15.4	937	101.0	862	(7.2)	478	(49.8)
June 30, 2013	9,547	(5.1)	466	(29.9)	929	50.6	952	187.2

Note: Comprehensive income

Three-month period ended June 30, 2014: 640 million yen (69.5) %

Three-month period ended June 30, 2013: 2,098 million yen 668.2 %

: 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)
June 30, 2014	6.57	5.93
June 30, 2013	13.11	11.85

Note: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of consolidated operations for the three-month period ended June 30, 2013.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
June 30, 2014	87,053	56,370	64.7
March 31, 2014	86,891	56,121	64.6

Reference: Shareholders' equity

As of June 30, 2014: 56,353 million yen

As of March 31, 2014: 56,121 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2015(Forecast)		5.00	-	5.00	10.00
2015	-				
2014	-	5.00	-	5.00	10.00

Note: Change in the current three-month period ended June 30, 2014, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for 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

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 June 30, 2014, to consolidated operating performance forecast: None

4. Others

(1) Changes in the state of significant subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation): None

(2) Application of the special accounting methods for the presentation of the quarterly consolidated financial statements: Yes

Note: For further details, please refer to “1. Other Information” on page 4.

(3) 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 “1. Other Information” on page 4.

(4) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)	
As of June 30, 2014:	73,499,875 shares
As of March 31, 2014:	73,499,875 shares
Number of treasury stock	
As of June 30, 2014:	687,208 shares
As of March 31, 2014:	710,420 shares
Average number of shares outstanding at period-end	
Three-month period ended June 30, 2014:	72,805,969 shares
Three-month period ended June 30, 2013:	72,670,037 shares

Note: From the consolidated accounting period ended June 30, 2014, in tandem with changes in accounting policies arising from a revision of accounting standards, the number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 623,000 shares as of June 30, 2014 and 648,000 shares as of March 31, 2014. In addition, treasury stock held by the ESOP trust is excluded from the calculation of the average number of shares outstanding at period-end, as is other treasury stock. The difference between the old and new calculation of the average number of shares is thus 630,666 shares for the three-month period ended June 30, 2014 and 770,000 shares for the three-month period ended June 30, 2013.

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, August 8, 2014. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections.

1. Other Information

(1) Changes in the state of significant subsidiaries during the period

There are no applicable articles. While there was no change in the state of significant subsidiaries, IKO Thompson Asia Co., Ltd. was established in the three-month period ended June 30, 2014 and included in the scope of consolidation.

(2) 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 current consolidated fiscal year, including the first quarter, and multiplying income before income taxes and minority interests by said estimated effective tax rate.

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

(Changes in accounting policies)

- As of April 1, 2014, the Group adopted the provisions stipulated in the main clause of Article 35 of 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 in the main clause of Article 67 of the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012; hereinafter the “Guidance”). The Group also revised the determination of retirement benefit liabilities and current service cost. Accordingly, the Group changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis as well as amended the determination method of the discount rate from that based on the remaining working lives to a single weighted average discount rate.

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 of retirement benefit liability and current service cost was included in retained earnings at the beginning of the fiscal year under review.

As a result, as of April 1, 2014, net defined benefit liabilities increased ¥67 million, and retained earnings decreased ¥43 million. The influence of these changes on profit or loss for the three-month period ended June 30, 2014 was immaterial.

- As of April 1, 2014, Nippon Thompson Co., Ltd. (the “Company”) adopted the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (Practical Issue Task Force (PITF) No. 30, December 25, 2013). When treasury stock is delivered to the trust, the Company recognizes the balance. The following are recorded as liabilities: profit or loss related to sales of shares by the trust to the Employee Stock Ownership Association, dividends paid from the Company on shares held by the trust, and net expenses related to the trust. These changes in accounting policies have been retrospectively applied to the quarterly consolidated financial statement for the three-month period ended June 30, 2013 and consolidated financial statement for the fiscal year ended March 31, 2014. Furthermore, the effect of the retrospective application to the three-month period ended June 30, 2013 and the fiscal year ended March 31, 2014 was immaterial.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of June 30, 2014 and March 31, 2014

	Millions of yen	
ASSETS	June 30, 2014	March 31, 2014
Current Assets:		
Cash and deposits	13,176	14,748
Notes and accounts receivable-trade	10,631	9,577
Short-term investment securities	1,499	-
Finished products	13,260	14,028
Material in process	9,468	9,613
Raw material	5,737	5,938
Others	4,169	3,986
Less: Allowance for doubtful accounts	(18)	(19)
Total current assets	<u>57,924</u>	<u>57,873</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	8,939	9,309
Others	9,245	9,392
Total tangible fixed assets	<u>18,184</u>	<u>18,701</u>
Intangible fixed assets	681	609
Investments and other assets:		
Investment securities	8,289	7,591
Others	2,023	2,164
Less: Allowance for doubtful accounts	(49)	(49)
Total investments and other assets	<u>10,262</u>	<u>9,706</u>
Total fixed assets	<u>29,128</u>	<u>29,017</u>
TOTAL ASSETS	<u><u>87,053</u></u>	<u><u>86,891</u></u>

LIABILITIES	Millions of yen	
	June 30, 2014	March 31, 2014
Current Liabilities:		
Notes and accounts payable-trade	6,531	5,913
Short-term bank loan	-	600
Current portion of long-term bank loans	2,841	2,859
Income taxes payable	416	742
Allowance for directors' and corporate auditors' bonuses	20	70
Others	3,549	2,821
Total current liabilities	13,358	13,007
Long-Term Liabilities:		
Corporate bond	5,000	5,000
Convertible bond	5,000	5,000
Long-term bank loans	5,869	6,319
Net defined benefit liabilities	800	786
Others	654	656
Total long-term liabilities	17,324	17,762
TOTAL LIABILITIES	30,683	30,770
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	31,844	31,777
Treasury stock	(312)	(322)
Total shareholders' equity	53,951	53,874
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,619	2,165
Foreign currency translation adjustments	(230)	53
Remeasurements of defined benefit plans	12	27
Total accumulated other comprehensive income	2,401	2,246
Minority interests	17	-
TOTAL NET ASSETS	56,370	56,121
TOTAL LIABILITIES AND NET ASSETS	87,053	86,891

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

Consolidated Statements of Income

For the first quarter ended June 30, 2014 and 2013

	Millions of yen	
	June 30, 2014	June 30, 2013
Net Sales	11,017	9,547
Cost of Sales	7,610	6,890
Gross Profit	3,406	2,656
Selling, General and Administrative Expenses	2,468	2,190
Operating Income	937	466
Non-Operating Income:		
Interest income	10	2
Dividend income	66	52
Foreign currency translation gain	-	408
Others	49	68
	126	532
Non-Operating Expenses:		
Interest expenses	33	43
Foreign currency translation loss	133	-
Others	35	26
	201	69
Ordinary Income	862	929
Income before Income Taxes	862	929
Income Taxes	376	(22)
Income before Minority Interests	485	952
Minority Interests in Income	7	-
Net Income	478	952

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2014 and 2013

	Millions of yen	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Income before Minority Interests	485	952
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	454	552
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustments	(284)	593
Remeasurements of defined benefit plans	(15)	-
Total Other Comprehensive Income	<u>154</u>	<u>1,145</u>
Comprehensive Income	<u>640</u>	<u>2,098</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	633	2,098
Comprehensive income attributable to minority interests	7	-

(3) Notes on the Premise of a Going Concern

There are no applicable articles.

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

There are no applicable articles.