

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

February 9, 2015

Consolidated Financial Report
for the Nine-Month Period Ended December 31, 2014
<Japanese GAAP>

Representative: Shigeki Miyachi, President and Representative Director

For further information contact: Kesaaki Ushikoshi, General Manager of Accounting Department

Telephone: +81-3-3448-5824

Scheduled Date to Submit Quarterly Annual Securities Report: February 12, 2015

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 Nine-Month Period Ended December 31, 2014
(From April 1, 2014 to December 31, 2014)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
December 31, 2014	33,512	14.4	3,097	156.2	4,142	94.2
December 31, 2013	29,281	6.3	1,208	23.2	2,132	116.7

Note: Comprehensive income

Nine-month period ended December 31, 2014: 3,310 million yen (19.5) %

Nine-month period ended December 31, 2013: 4,114 million yen - %

	Net income	Percentage change	Net income per share (Yen)	Diluted net income per share (Yen)
December 31, 2014	2,777	59.8	38.12	34.45
December 31, 2013	1,738	339.4	23.91	21.60

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.

: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of consolidated operations for the nine-month period ended December 31, 2013.

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)
December 31, 2014	90,377	58,717	64.9
March 31, 2014	86,891	56,121	64.6

Reference: Shareholders' equity

As of December 31, 2014: 58,684 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	10.00
2015	-	5.00	-		
2014	-	5.00	-	5.00	10.00

Note: Change in the current three-month period ended December 31, 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
Year ending March 31, 2015	44,000	12.1	3,800	-	4,400	413.3

	Net income	Percentage change	Net income per share (Yen)
Year ending March 31, 2015	2,900	409.8	39.80

Notes: Percentage change for net sales, operating income, ordinary income, and net income indicate percentage increase compared to the same period in the previous year.

: Change in the current three-month period ended December 31, 2014, 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 “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 December 31, 2014: 73,499,875 shares

As of March 31, 2014: 73,499,875 shares

Number of treasury stock

As of December 31, 2014: 581,886 shares

As of March 31, 2014: 710,420 shares

Average number of shares outstanding at period-end

Nine-month period ended December 31, 2014: 72,852,262 shares

Nine-month period ended December 31, 2013: 72,708,018 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 513,000 shares as of December 31, 2014 and 671,000 shares as of December 31, 2013. 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 581,555 shares for the nine-month period ended December 31, 2014 and 731,667 shares for the nine-month period ended December 31, 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, February 9, 2015. 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 third 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 nine-month period ended December 31, 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 nine-month period ended December 31, 2013 and consolidated financial statement for the fiscal year ended March 31, 2014. Furthermore, the effect of the retrospective application to the nine-month period ended December 31, 2013 and the fiscal year ended March 31, 2014 was immaterial.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of December 31, 2014 and March 31, 2014

ASSETS	Millions of yen	
	December 31, 2014	March 31, 2014
Current Assets:		
Cash and deposits	15,172	14,748
Notes and accounts receivable-trade	11,222	9,577
Short-term investment securities	1,899	-
Finished products	12,838	14,028
Material in process	9,440	9,613
Raw material	5,508	5,938
Others	4,403	3,986
Less: Allowance for doubtful accounts	(13)	(19)
Total current assets	<u>60,473</u>	<u>57,873</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	8,707	9,309
Others	9,258	9,392
Total tangible fixed assets	<u>17,965</u>	<u>18,701</u>
Intangible fixed assets	944	609
Investments and other assets:		
Investment securities	9,180	7,591
Others	1,861	2,164
Less: Allowance for doubtful accounts	(49)	(49)
Total investments and other assets	<u>10,992</u>	<u>9,706</u>
Total fixed assets	<u>29,903</u>	<u>29,017</u>
TOTAL ASSETS	<u><u>90,377</u></u>	<u><u>86,891</u></u>

LIABILITIES	Millions of yen	
	December 31, 2014	March 31, 2014
Current Liabilities:		
Notes and accounts payable-trade	7,044	5,913
Short-term bank loans	-	600
Current portion of long-term bank loans	3,975	2,859
Income taxes payable	1,078	742
Allowance for directors' and corporate auditors' bonuses	60	70
Others	3,028	2,821
Total current liabilities	15,187	13,007
Long-Term Liabilities:		
Corporate bond	5,000	5,000
Convertible bond	5,000	5,000
Long-term bank loans	5,142	6,319
Net defined benefit liabilities	699	786
Others	631	656
Total long-term liabilities	16,472	17,762
TOTAL LIABILITIES	31,659	30,770
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	33,776	31,777
Treasury stock	(268)	(322)
Total shareholders' equity	55,927	53,874
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,944	2,165
Foreign currency translation adjustments	(169)	53
Remeasurements of defined benefit plans	(18)	27
Total accumulated other comprehensive income	2,756	2,246
Minority interests	33	-
TOTAL NET ASSETS	58,717	56,121
TOTAL LIABILITIES AND NET ASSETS	90,377	86,891

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

Consolidated Statements of Income

For the nine-month period ended December 31, 2014 and 2013

	Millions of yen	
	December 31, 2014	December 31, 2013
Net Sales	33,512	29,281
Cost of Sales	22,811	21,137
Gross Profit	10,700	8,144
Selling, General and Administrative Expenses	7,603	6,935
Operating Income	3,097	1,208
Non-Operating Income:		
Interest income	28	9
Dividend income	107	90
Foreign currency translation gain	812	654
Subsidy income	200	200
Others	107	169
	1,255	1,123
Non-Operating Expenses:		
Interest expenses	99	125
Sales discounts	83	44
Others	27	29
	210	199
Ordinary Income	4,142	2,132
Extraordinary Income:		
Gain on sales of fixed assets	102	-
Gain on sales of investment securities	12	160
	115	160
Income before Income Taxes	4,257	2,292
Income Taxes	1,460	554
Income before Minority Interests	2,797	1,738
Minority Interests in Income	19	-
Net Income	2,777	1,738

Consolidated Statements of Comprehensive Income

For the nine-month period ended December 31, 2014 and 2013

	Millions of yen	
	December 31, 2013	December 31, 2013
Income before Minority Interests	2,797	1,738
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	778	1,246
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustments	(219)	1,129
Remeasurements of defined benefit plans	(45)	-
Total Other Comprehensive Income	513	2,376
Comprehensive Income	3,310	4,114
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	3,287	4,114
Comprehensive income attributable to minority interests	23	-

(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.