

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

May 16, 2016

**Consolidated Financial Report**  
**for the Fiscal Year ended March 31, 2016**  
**<Japanese GAAP>**

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Scheduled Date of Ordinary General Meeting of Shareholders:	June 29, 2016
Scheduled Date to Submit Annual Securities Report:	June 29, 2016
Scheduled Date to Begin Dividend Payments:	June 30, 2016
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, 2016**  
**(From April 1, 2015 to March 31, 2016)**

**(1) Results of Consolidated Operations**

Years ended March 31, 2016 and 2015

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Profit attributable to owners of parent	Percentage change
<b>2016</b>	<b>43,664</b>	<b>(2.9)</b>	<b>3,018</b>	<b>(22.2)</b>	<b>2,756</b>	<b>(42.5)</b>	<b>1,569</b>	<b>(47.1)</b>
2015	44,972	14.5	3,877	—	4,792	459.1	2,966	421.5

Notes: Comprehensive income

Fiscal year ended March 31, 2016: (1,194) million yen — %

Fiscal year ended March 31, 2015: 5,685 million yen 61.0 %

: Percentage change for net sales, operating income, ordinary income, and profit attributable to owners of parent indicate percentage increase/decrease compared to the same period in the previous year.

	Earnings per share (Yen)	Diluted earnings per share (Yen)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
<b>2016</b>	<b>21.64</b>	<b>19.55</b>	<b>2.6</b>	<b>3.0</b>	<b>6.9</b>
2015	40.71	36.80	5.1	5.3	8.6

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2016: — million yen

Fiscal year ended March 31, 2015: — million yen

## (2) Consolidated Financial Position

Years ended March 31, 2016 and 2015

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>2016</b>	<b>89,197</b>	<b>58,056</b>	<b>65.0</b>	<b>801.58</b>
2015	93,411	61,099	65.4	837.71

Reference: shareholders' equity

Fiscal year ended March 31, 2016: 58,003 million yen

Fiscal year ended March 31, 2015: 61,062 million yen

## (3) Consolidated Cash Flows

Years ended March 31, 2016 and 2015

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
<b>2016</b>	<b>2,521</b>	<b>(4,908)</b>	<b>(1,944)</b>	<b>13,386</b>
2015	7,690	(2,443)	(1,856)	18,038

## 2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
<b>2017(Forecast)</b>	—	<b>6.50</b>	—	<b>6.50</b>	<b>13.00</b>
<b>2016</b>	—	<b>6.50</b>	—	<b>6.50</b>	<b>13.00</b>
2015	—	5.00	—	6.00	11.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
<b>2017 (Forecast)</b>		<b>72.3</b>	
<b>2016</b>	<b>945</b>	<b>60.1</b>	<b>1.6</b>
2015	807	27.0	1.4

### 3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2017

Six-month period ending September 30, 2016, and the fiscal year ending March 31, 2017						(Millions of yen)
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2016	22,000	(3.3)	1,000	(49.5)	1,000	(50.2)
Year ending March 31, 2017	45,000	3.1	2,400	(20.5)	2,400	(12.9)

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2016	500	(59.0)	6.91
Year ending March 31, 2017	1,300	(17.2)	17.97

Note: Percentage change for net sales, operating income, ordinary income, and profit attributable to owners of parent 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 principles and accounting estimates, and restatements

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

Note: For further details, please refer to “Changes in accounting principles”, “Changes in accounting principles that are difficult to distinguish from changes in accounting estimates” 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, 2016: 73,501,425 shares

Fiscal year ended March 31, 2015: 73,499,875 shares

Number of treasury stock

Fiscal year ended March 31, 2016: 1,140,077 shares

Fiscal year ended March 31, 2015: 562,594 shares

Average number of shares outstanding at period-end

Fiscal year ended March 31, 2016: 72,515,544 shares

Fiscal year ended March 31, 2015: 72,871,983 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 338,000 shares as of March 31, 2016 and 493,000 shares as of March 31, 2015. 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 number of shares excluded from said calculation totaled 414,833 shares for the fiscal year ended March 31, 2016 and 561,000 shares for the fiscal year ended March 31, 2015.

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2016  
(From April 1, 2015 to March 31, 2016)**

**(1) Results of Non-consolidated Operations**

Years ended March 31, 2016 and 2015

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Profit	Percentage change
<b>2016</b>	<b>37,982</b>	<b>(4.3)</b>	<b>2,665</b>	<b>(18.2)</b>	<b>2,631</b>	<b>(36.3)</b>	<b>1,658</b>	<b>(34.4)</b>
2015	39,709	14.6	3,256	—	4,130	459.2	2,528	—

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

	Earnings per share (Yen)	Diluted earnings per share (Yen)
<b>2016</b>	<b>22.87</b>	<b>20.65</b>
2015	34.70	31.37

**(2) Non-consolidated Financial Position**

Years ended March 31, 2016 and 2015

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>2016</b>	<b>82,758</b>	<b>52,881</b>	<b>63.9</b>	<b>730.55</b>
2015	85,379	53,935	63.2	739.48

Reference: shareholders' equity

Fiscal year ended March 31, 2016: 52,863 million yen

Fiscal year ended March 31, 2015: 53,935 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 16, 2016. 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, 2016*

In the consolidated fiscal year ended March 31, 2016, the Japanese economy saw continued gradual improvement due to a pickup in corporate earnings on the back of the weak yen. The outlook going forward, however, was unclear, reflecting such concerns as the negative impact of economic slowdown in China and other emerging Asian countries as well as tumbling crude oil prices. Overseas, the U.S. economy remained firm, backed by increased personal consumption, and European economies continued to gradually recover.

The environment in which the Group operates is growing more complicated and challenging. As the Group's businesses in global markets expand, demand for low costs and quick delivery is growing ever higher, and expected standards of product functionality and quality are rising and diversifying.

Under these circumstances, the Nippon Thompson Group launched its "IKO Mid-term business plan 2017 (three-year plan) CHANGE & CHALLENGE" in April 2015, aiming to bolster its competitiveness and presence in global markets. Under this plan, the Group has implemented a wide range of initiatives to grow its businesses and reinforce profitability.

From a sales perspective, the Group focused on promoting further market penetration of the IKO brand and cultivating new demand, to this end aggressively embracing a "customer-centered, proposal-based sales approach" as a pillar of its sales policy. In particular, aiming to accelerate business development in overseas markets, the Group boosted management support and worked to strengthen its sales bases in markets expected to grow, establishing new sales subsidiaries in South Korea and Brazil and opening a new sales location in the state of Minnesota under its U.S. sales subsidiary.

From a product development standpoint, the Group worked to enhance its lineup of high-value-added products to meet customer needs. To this end, the Group introduced a Roller-Type Linear Motion Rolling Guide that features the highest load capacity in the series as well as additional sizes in its Anti-Creep Cage Crossed Roller Way lineup, which features significantly increased load ratings.

From a production standpoint, to further improve cost competitiveness, the Group expanded both the production capacity and range of products produced by overseas subsidiary IKO Thompson Vietnam Co., Ltd. while expanding the global procurement of parts and materials. Furthermore, at its domestic manufacturing locations, the Group began fundamental reforms of its production technologies and production management methods, working to reshape the Group production framework to be highly responsive to both delivery deadlines and requests for special products.

Turning to the Group's operational results, domestic demand was firm early in the fiscal year but negatively impacted by the slowdown of the Chinese and global economies from autumn 2015 onward, and as a result was stagnant on the whole. Overseas, sales in North America, especially those related to transportation devices and precision machinery, increased. In Europe, demand continued to gradually recover, but sales were stagnant, due in part to the year-on-year strengthening of the yen. In Asia, sales were roughly flat year on year thanks to the aggressive cultivation of new demand through sales subsidiaries and local sales agencies, which countered the impact of economic slowdown in China.

As a result, consolidated net sales for the fiscal year under review totaled ¥43,664 million, down 2.9% year on year. On the earnings front, selling, general and administrative expenses increased due to such initiatives to achieve the goals of the mid-term management plan as additional hiring to expand the business base and system development costs. As a result, operating income came to ¥3,018 million, down 22.2% year on year, and ordinary income came to ¥2,756 million, down 42.5% year on year. Net income attributable to owner of parent fell 47.1% to ¥1,569 million.

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 ¥38,154 million, a 3.3% decrease compared with the corresponding period in the previous fiscal year. Sales of Machine Components decline 0.4% to ¥5,509 million.

### Business Segment Information

	March 31, 2016		March 31, 2015		Change	
	Millions of yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	<b>38,154</b>	<b>87.4</b>	39,442	87.7	(1,288)	(3.3)
Machine Components	<b>5,509</b>	<b>12.6</b>	5,529	12.3	(19)	(0.4)
Total net sales	<b>43,664</b>	<b>100.0</b>	44,972	100.0	(1,307)	(2.9)

### Outlook

Regarding the forecast for the current fiscal year, although the outlook is uncertain, the Japanese economy is expected to continue to gradually recover. While exports will be negatively impacted by slowing overseas economies and the strengthening of the yen since the beginning of 2016, private capital investment is forecast to increase, reflecting strong corporate earnings. The world economy is also expected to continue to gradually improve, particularly in developed nations, despite concerns about the risks presented by slowing economic growth in China, interest rate hikes in the United States, and falling oil prices.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥45.0 billion, ordinary income of ¥2.4 billion and profit attributable to owners of parent of ¥1.3 billion for the year ending March 31, 2017.

### (2) Analysis of Financial Position

Total assets as of March 31, 2016, totaled ¥89,197 million, a decrease of ¥4,213 million compared with the end of the previous fiscal year. This mainly comprised increases in tangible fixed assets of ¥2,446 million, intangible fixed assets of ¥653 million as well as decreases in cash and deposits of ¥4,937 million, investment securities of ¥2,081 million.

Total liabilities amounted to ¥31,141 million, a decrease of ¥1,170 million compared with the end of the previous fiscal year. This mainly comprised an increase in accounts payable-other of ¥1,256 million as well as decreases in notes and accounts payable-trade of ¥816 million, income taxes payable of ¥742 million, and deferred tax liabilities of ¥511 million.

Total net assets amounted to ¥58,056 million, a decrease of ¥3,043 million compared with the end of the previous

fiscal year. The main components was an increase in treasury stock of ¥359 million as well as decreases in net unrealized holding gains on available-for-sale securities of ¥1,456 million and foreign currency translation adjustments of ¥1,026 million.

### **Cash Flows**

Cash and cash equivalents at the end of the fiscal year under review totaled ¥13,386 million, a decrease of ¥4,651 million compared with the end of the previous fiscal year.

### **Cash Flows from Operating Activities**

Net cash provided by operating activities was ¥2,521 million. The major inflows were income before income taxes of ¥2,754 million, depreciation and amortization of ¥2,272 million, a decrease in notes and accounts receivable-trade of ¥735 million, while the major outflows were an increase in inventories of ¥864 million, a decrease in notes and accounts payable-trade of ¥757 million and income taxes paid of ¥1,533 million.

### **Cash Flows from Investing Activities**

Net cash used in investing activities totaled ¥4,908 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 ¥1,944 million. This was mainly due to proceeds from long-term bank loans of ¥3,200 million, repayments of long-term bank loans of ¥3,792 million, cash dividends paid of ¥913 million and payments for purchase of treasury stock of ¥425 million..

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Equity ratio (%)	63.0	64.6	65.4	<b>65.0</b>
Equity ratio on market value basis (%)	39.8	42.3	46.3	<b>32.6</b>
Debt repayment period (Years)	—	2.2	2.4	<b>7.1</b>
Interest coverage ratio (Times)	—	50.3	74.6	<b>21.6</b>

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 ¥6.5 per share. Including the interim dividend of ¥6.5 per share, the planned full-year dividend payment ¥13 per share.

The Company is forecasting a dividend of ¥13 per share (including an interim dividend of ¥6.5 per share) for the fiscal year ending March 31, 2017.

### **(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 16, 2016, the date of this financial report.

#### **1. Market environment**

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, China and Thailand, 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 “customer-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 customer 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.

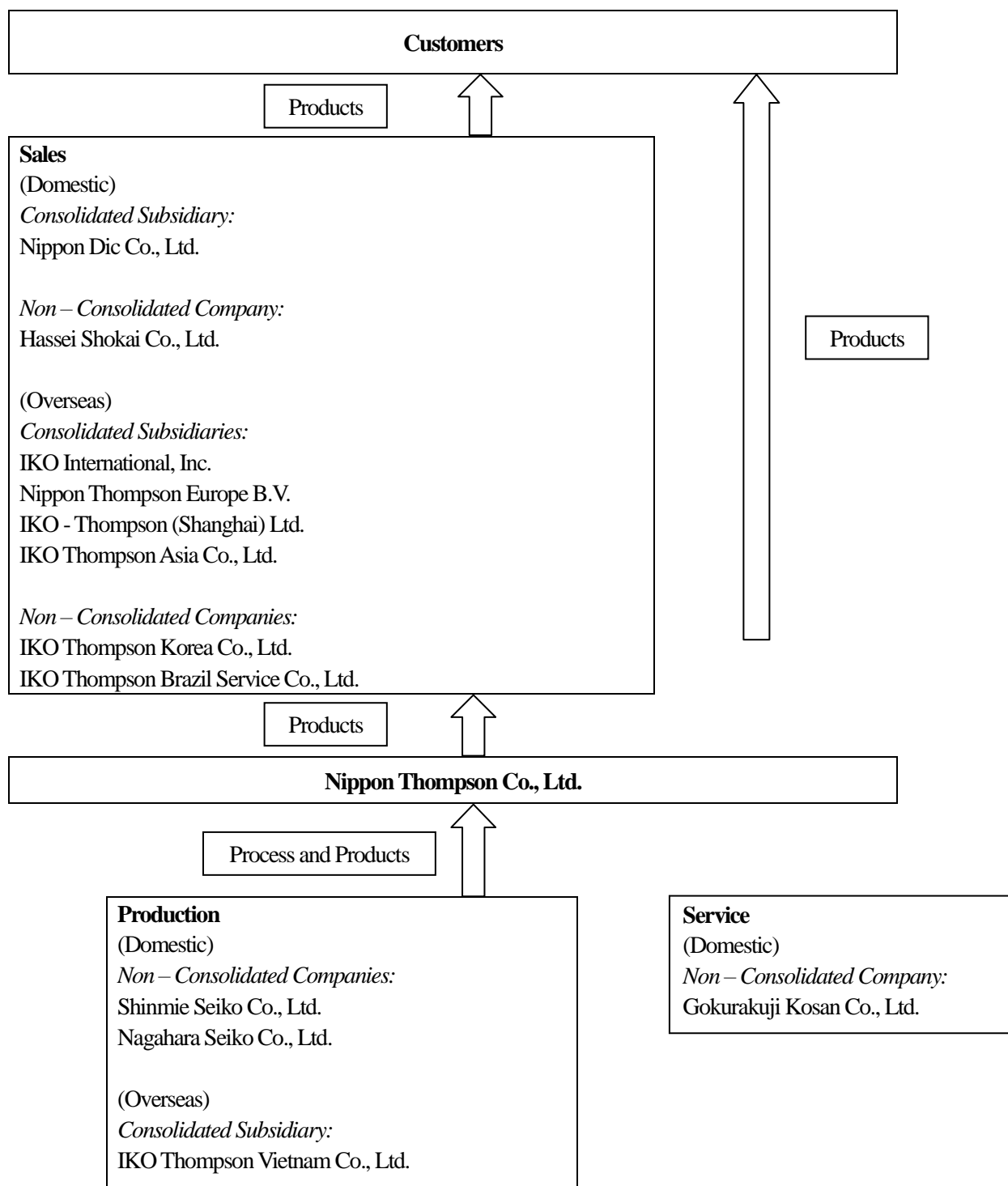
The Group's main factories are concentrated within Gifu Prefecture in Japan. In the unlikely event that a large-scale earthquake, flood or other disaster occurs in this region, the Group's operating results and financial position may be negatively impacted.

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 Korea Co., Ltd. in Korea and kicked off operations there July 1, 2015.

The Group established IKO Thompson Brazil Service Co., Ltd. in Brazil and kicked off operations there September 24, 2015.

The Group established IKO Thompson Bearings Canada, Inc. in Canada and kicked off operations there April 1, 2016.

## **Management Policies**

### **(1) Fundamental Management Policies**

Based on the corporate philosophy of “contributing to society as an R&D-oriented company,” the Group—a trusted international enterprise—is committed to serving domestic and overseas markets through the manufacture and sale of Needle Roller Bearings and Linear Motion Rolling Guides. Our emphasis is on quality rather than scale, as we see our mission as developing high-value-added products that meet customer needs. The entire company is engaged in an effort to associate the Nippon Thompson brand with the acronym IKO—“**I**” for Innovation, because the Company’s products are always innovative; “**K**” for Know-how, because they incorporate a high level of technological expertise; and “**O**” for Originality, because they are highly creative.

The Group believes that contributing to the development of society is one of its most important management policies. While thoroughly instilling corporate ethics, we make every effort to ensure compliance in management and contribute to the preservation of the global environment. 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**

Through the manufacture and sale of bearings and other products, the Nippon Thompson Group aims to gain a reputation of trustworthiness and dependability in the global market while further strengthening its presence and achieving continuous growth. In its every action, the Group strives to realize this vision and help customers resolve their problems. To achieve these aims, in April 2015 we launched “IKO Mid-term business plan 2017 (three-year plan) CHANGE & CHALLENGE” under which we are strengthening our corporate governance and implementing measures covering the following range of issues to realize a proactive management approach.

1. Improving return on invested capital (ROIC)
2. Pursuing technological development to meet customer expectations
3. Pursuing technological development aimed at new markets and fields
4. Implementing a “customer-centered, proposal-based sales approach”
5. Establishing and enhancing a robust system platform
6. Strengthen global management

### **(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. In addition, with the decline in the working age population in Japan and the rise in wages in emerging economies, there is a growing call for factories that can operate with fewer workers. The factory automation (FA) market is expanding, and products for industrial robot applications are expected to become a major growth field.

The Nippon Thompson Group will respond flexibly to changes in the businesses environment while conducting focused investment of management resources based on careful analysis of the abovementioned promising markets and implementing a range of measures to heighten its global competitiveness.

From the sales perspective, the Group will further promote the IKO brand by actively developing on a global scale a "customer-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 its market share in such growth markets as China, Southeast Asia and India, where demand is expected to grow. Specifically, in these areas, the Group will provide technical support to sales agencies through its sales subsidiaries and cultivate new demand while working to precisely understand the unique needs of each market in order to advance swift, flexible strategies for growing sales. The Group is also moving forward in other promising areas, such as Brazil and Canada, where it established a new sales subsidiary in April 2016. Through such efforts, the Group is enhancing its sales network and expanding its business across global markets.

Regarding product development, the Group is continually working to create high-value-added products that meet customer needs. By assessing demand trends and needs in various regions worldwide, sharing customer values and taking advantage of our superior technological capabilities, we will develop products that anticipate customer 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, increasing production capacity, and achieving stable quality at reduced cost. In terms of domestic manufacturing bases, we will improve customer satisfaction by quickly responding to our customers' diversifying and increasingly stringent needs through shorter production lead times while leveraging our production system for diverse product lines.

## **Basic Stance on Selection of Accounting Methods**

The Group applies "Japanese GAAP" to facilitate the comparison of consolidated financial statements with different reporting periods.

As for the adoption of "International Financial Reporting Standards (IFRS)", the Group maintains a policy of continuing to appropriately respond to the situation going forward.

## Consolidated Financial Statements

### Consolidated Balance Sheets

As of March 31, 2016 and 2015

ASSETS	Millions of yen	
	March 31, 2016	March 31, 2015
Current Assets:		
Cash and deposits	13,933	18,871
Notes and accounts receivable-trade	10,240	10,839
Finished products	13,814	13,111
Material in process	9,013	9,327
Raw material	5,558	5,413
Deferred tax assets	2,404	2,752
Others	1,287	1,751
Less: Allowance for doubtful accounts	(15)	(13)
Total current assets	<u>56,236</u>	<u>62,052</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,553	5,026
Machinery and vehicles	10,566	8,850
Tools and fixtures	620	501
Land	2,965	2,965
Lease assets	719	598
Construction in progress	319	354
Total tangible fixed assets	<u>20,744</u>	<u>18,297</u>
Intangible fixed assets	1,974	1,320
Investments and other assets:		
Investment securities	7,914	9,995
Deferred tax assets	268	32
Others	2,104	1,770
Less: Allowance for doubtful accounts	(45)	(58)
Total investments and other assets	<u>10,242</u>	<u>11,740</u>
Total fixed assets	<u>32,961</u>	<u>31,358</u>
 TOTAL ASSETS	 <u><u>89,197</u></u>	 <u><u>93,411</u></u>

LIABILITIES	Millions of yen	
	March 31, 2016	March 31, 2015
Current Liabilities:		
Notes and accounts payable-trade	6,551	7,368
Current portion of convertible bond with subscription rights	4,999	—
Current portion of long-term bank loans	2,876	3,732
Lease obligations	67	53
Accrued expenses	2,371	2,461
Income taxes payable	187	930
Allowance for directors' and corporate auditors' bonuses	70	80
Others	2,604	1,271
Total current liabilities	19,728	15,898
Long-Term Liabilities:		
Corporate bonds	5,000	5,000
Convertible bond with subscription rights	—	5,000
Long-term bank loans	5,114	4,915
Lease obligations	624	531
Deferred tax liabilities	11	523
Net defined benefit liabilities	539	333
Others	122	109
Total long-term liabilities	11,412	16,412
TOTAL LIABILITIES	31,141	32,311
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,532
Capital surplus	12,887	12,886
Retained earnings	34,034	33,966
Treasury stock	(620)	(260)
Total shareholders' equity	55,833	56,125
Accumulated other comprehensive income:		
Net unrealized holding gains on available-for-sale securities	2,177	3,634
Deferred gains or losses on hedges	(4)	0
Foreign currency translation adjustments	163	1,189
Remeasurements of defined benefit plans	(167)	113
Total accumulated other comprehensive income	2,169	4,937
Subscription rights to shares	18	—
Non-controlling interests	35	37
TOTAL NET ASSETS	58,056	61,099
TOTAL LIABILITIES AND NET ASSETS	89,197	93,411

## Consolidated Statements of Income

Years ended March 31, 2016 and 2015

	Millions of yen	
	<b>March 31, 2016</b>	March 31, 2015
Net Sales	43,664	44,972
Cost of Sales	29,288	30,867
Gross Profit	14,376	14,104
Selling, General and Administrative Expenses	11,357	10,227
Operating Income	3,018	3,877
Non-Operating Income:		
Interest income	28	38
Dividend income	185	140
Real estate rent	19	24
Foreign currency translation gain	—	683
Subsidy income	111	200
Others	94	125
	439	1,213
Non-Operating Expenses:		
Interest expenses	115	127
Sales discounts	119	112
Loss on retirement of fixed assets	25	30
Foreign exchange losses	415	—
Others	25	27
	701	298
Ordinary Income	2,756	4,792
Extraordinary Income:		
Gain on sales of fixed assets	—	146
Gain on sales of investment in securities	—	12
	—	159
Extraordinary Losses:		
Loss on sales of fixed assets	2	25
	2	25
Income before Income Taxes	2,754	4,925
Income Taxes:		
Current	701	1,377
Deferred	480	557
Profit	1,572	2,990
Profit attributable to non-controlling interests	2	24
Profit attributable to owners of parent	1,569	2,966



## Consolidated Statements of Comprehensive Income

Years ended March 31, 2016 and 2015

	Millions of yen	
	<b>March 31, 2016</b>	March 31, 2015
Profit	<b>1,572</b>	2,990
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	<b>(1,456)</b>	1,468
Deferred gains or losses on hedges	<b>(4)</b>	0
Foreign currency translation adjustments	<b>(1,025)</b>	1,139
Remeasurements of defined benefit plans	<b>(280)</b>	85
Total Other Comprehensive Income	<b>(2,767)</b>	2,694
Comprehensive Income	<b>(1,194)</b>	5,685
Breakdown:		
Comprehensive income attributable to owners of the parent	<b>(1,192)</b>	5,657
Comprehensive income attributable to non-controlling interests	<b>(2)</b>	27

## Statement of Changes in Consolidated Shareholders' Equity

For the fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholder' equity
As of April 1, 2015	<b>9,532</b>	<b>12,886</b>	<b>33,966</b>	<b>(260)</b>	<b>56,125</b>
Changes during the period					
Issuance of new shares	<b>0</b>	<b>0</b>	—	—	<b>1</b>
Cash dividends	—	—	<b>(913)</b>	—	<b>(913)</b>
Profit attributable to owners of parent	—	—	<b>1,569</b>	—	<b>1,569</b>
Acquisition of treasury stock	—	—	—	<b>(425)</b>	<b>(425)</b>
Disposal of treasury stock	—	—	<b>(0)</b>	<b>65</b>	<b>65</b>
Effect of change in closing dates of consolidated subsidiaries	—	—	<b>(588)</b>	—	<b>(588)</b>
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	<b>0</b>	<b>0</b>	<b>67</b>	<b>(359)</b>	<b>(291)</b>
As of March 31, 2016	<b>9,533</b>	<b>12,887</b>	<b>34,034</b>	<b>(620)</b>	<b>55,833</b>

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	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, 2015	<b>3,634</b>	<b>0</b>	<b>1,189</b>	<b>113</b>	<b>4,937</b>	—	<b>37</b>	<b>61,099</b>
Changes during the period								
Issuance of new shares	—	—	—	—	—	—	—	<b>1</b>
Cash dividends	—	—	—	—	—	—	—	<b>(913)</b>
Profit attributable to owners of parent	—	—	—	—	—	—	—	<b>1,569</b>
Acquisition of treasury stock	—	—	—	—	—	—	—	<b>(425)</b>
Disposal of treasury stock	—	—	—	—	—	—	—	<b>65</b>
Effect of change in closing dates of consolidated subsidiaries	—	—	—	—	—	—	—	<b>(588)</b>
Net changes in items other than shareholders' capital	<b>(1,456)</b>	<b>(4)</b>	<b>(1,026)</b>	<b>(280)</b>	<b>(2,767)</b>	<b>18</b>	<b>(2)</b>	<b>(2,752)</b>
Total changes during the period	<b>(1,456)</b>	<b>(4)</b>	<b>(1,026)</b>	<b>(280)</b>	<b>(2,767)</b>	<b>18</b>	<b>(2)</b>	<b>(3,043)</b>
As of March 31, 2016	<b>2,177</b>	<b>(4)</b>	<b>163</b>	<b>(167)</b>	<b>2,169</b>	<b>18</b>	<b>35</b>	<b>58,056</b>

For the fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholder' equity
As of April 1, 2014	9,532	12,886	31,777	(322)	53,874
Cumulative effects of changes in accounting principles	—	—	(43)	—	(43)
Restated balance	9,532	12,886	31,734	(322)	53,831
Changes during the period					
Cash dividends	—	—	(734)	—	(734)
Profit attributable to owners of parent	—	—	2,966	—	2,966
Acquisition of treasury stock	—	—	—	(3)	(3)
Disposal of treasury stock	—	—	—	65	65
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	2,232	61	2,294
As of March 31, 2014	9,532	12,886	33,966	(260)	56,125

	Accumulated other comprehensive income					Non-controlling interests	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, 2014	2,165	—	53	27	2,246	—	56,121
Cumulative effects of changes in accounting principles	—	—	—	—	—	—	(43)
Restated balance	2,165	—	53	27	2,246	—	56,077
Changes during the period							
Cash dividends	—	—	—	—	—	—	(734)
Profit attributable to owners of parent	—	—	—	—	—	—	2,966
Acquisition of treasury stock	—	—	—	—	—	—	(3)
Disposal of treasury stock	—	—	—	—	—	—	65
Net changes in items other than shareholders' capital	1,468	0	1,135	85	2,690	37	2,728
Total changes during the period	1,468	0	1,135	85	2,690	37	5,022
As of March 31, 2015	3,634	0	1,189	113	4,937	37	61,099

## Consolidated Statements of Cash Flows

Years ended March 31, 2016 and 2015

	Millions of yen	
	<b>March 31, 2016</b>	March 31, 2015
Cash Flows from Operating Activities:		
Income before income taxes	2,754	4,925
Depreciation and amortization	2,272	2,584
Increase (Decrease) in allowance for doubtful accounts	(10)	3
Increase (Decrease) in allowance for directors' and corporate auditors' bonuses	(10)	10
Decrease in net defined benefit liabilities	(236)	(207)
Interest and dividend income	(213)	(179)
Interest expenses	115	127
Loss on retirement of fixed assets	25	30
Gain on sales of investment in securities	—	(12)
Decrease (Increase) in notes and accounts receivable-trade	735	(1,118)
Decrease (Increase) in inventories	(864)	2,216
Increase in other accounts receivable	(270)	(175)
Increase (Decrease) in notes and accounts payable-trade	(757)	1,330
Increase (Decrease) in accrued expenses	(19)	312
Others-net	438	(1,080)
Subtotal	<b>3,958</b>	8,767
Interest and dividend income received	213	179
Interest paid	(116)	(103)
Income taxes paid	(1,533)	(1,152)
Net cash provided by operating activities	<b>2,521</b>	7,690

	Millions of yen	
	<b>March 31, 2016</b>	March 31, 2015
Cash Flows from Investing Activities:		
Payments into time deposits	(678)	(715)
Proceeds from time deposits	919	403
Payments for purchase of property, plant and equipment	(3,881)	(1,232)
Payments for purchase of intangible assets	(721)	(735)
Payments for purchase of investment securities	(118)	(387)
Proceeds from sales of investment securities	—	19
Payments for purchase of insurance funds	(283)	(281)
Proceeds from cancellation of insurance funds	—	77
Others-net	(144)	408
Net cash used in investing activities	<b>(4,908)</b>	(2,443)
Cash Flows from Financing Activities:		
Proceeds from short-term bank loans	1,800	1,700
Repayments of short-term bank loans	(1,800)	(2,300)
Proceeds from long-term bank loans	3,200	3,009
Repayments of long-term bank loans	(3,792)	(3,552)
Proceeds from share issuance to non-controlling shareholders	—	9
Cash dividends paid	(913)	(734)
Payments for purchase of treasury stock	(425)	(3)
Others-net	(11)	16
Net cash used in financing activities	<b>(1,944)</b>	(1,856)
Foreign currency translation adjustments on cash and cash equivalents	<b>(80)</b>	356
Net increase in cash and cash equivalents	<b>(4,410)</b>	3,747
Cash and cash equivalents at beginning of year	<b>18,038</b>	14,290
Decrease in cash and cash equivalents due to change in fiscal period of consolidated subsidiaries	<b>(240)</b>	—
Cash and cash equivalents at end of year	<b>13,386</b>	18,038

## **Notes on the Premise of a Going Concern**

There are no applicable articles.

### **Basis of presenting the consolidated financial statements**

(Changes in the definition of the fiscal period at consolidated subsidiaries)

Previously, the fiscal period of some of consolidated overseas subsidiaries had been 12 months ending December 31. Due to the inclusion of these subsidiaries' performance results settled on that day, the Group's consolidated financial statements had been adjusted when significant transactions were executed during the period from January 1 to March 31. However, from the fiscal year ended March 31, 2016, with the aim of further improving the accuracy of its consolidated financial information disclosure, the Group decided to change the fiscal period of IKO International, Inc.; Nippon Thompson Europe B.V.; and IKO Thompson Vietnam Co., Ltd., to 12 months ending March 31. In addition, the Group decided to perform provisional account settlements for the performance results of IKO-Thompson (Shanghai) Ltd. on March 31, in concert with its consolidated account settlement.

In step with these changes, as of March 31, 2016, consolidated retained earnings have been adjusted to reflect gains and losses recorded by the aforementioned overseas consolidated subsidiaries during the three-month period from January 1 to March 31, 2015. Differences arising in cash and cash equivalents are recorded under "Decrease in cash and cash equivalents due to change in fiscal period of consolidated subsidiaries" on the consolidated statements of cash flows.

### **Changes in accounting principles**

(Adoption of the Accounting Standard for Business Combinations)

From the fiscal year ended March 31, 2016, the Group adopted the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, dated September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, dated September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, dated September 13, 2013). Accordingly, methods for presenting "Net income" etc. were changed, while "Minority interests" was relabeled as "Non-controlling interests." To reflect these changes, certain items presented in the consolidated financial statements regarding full-year operating results for the previous fiscal year have been reclassified.

### **Changes in accounting principles that are difficult to distinguish from changes in accounting estimates**

(Changes in the depreciation method for property, plant and equipment)

Previously, the depreciation of property, plant and equipment held by Nippon Thompson Co., Ltd. (the "Company") had been calculated using the declining-balance method, except for that held by its overseas consolidated subsidiaries, which had been calculated using the straight-line method. However, the Company decided to use the latter method for calculating the depreciation of all of its property, plant and equipment from the fiscal year ended March 31, 2016.

In line with the three-year mid-term business plan that was launched in the first quarter of the fiscal year under review, the Group is planning to expand its overseas production network by undertaking additional capital investment in Vietnam.

Through such action, the Group is accelerating its global expansion and is accordingly aiming to step up overseas production and sales through the development of a balanced production system backed by two flagship manufacturing bases in Japan and Vietnam that, supplementing one another's operations, ensure the Group's ability to withstand fluctuations in demand. It is therefore expected that all the Group's property, plant and equipment will be steadily utilized during their useful lives. Moreover, plans call for upgrading in-house IT system platforms to realize even more accurate sales estimates and facilitate closer cooperation between the production and sales functions. This upgrading will help equalize the utilization status of the Group's production facilities. Taking these changes into account, the Company reviewed its methods for depreciating property, plant and equipment held by the Group.

Based on this review, the Company forecast that the Group's production facilities will be utilized in a more stable manner going forward. The Company thus decided to adopt the straight-line method for all consolidated Group companies, thereby unifying the method used from the fiscal year ended March 31, 2016, in line with its belief that this method will better reflect the actual status of the use of its property, plant and equipment.

As a result, depreciation during the fiscal year ended March 31, 2016, decreased ¥528 million compared with the figure calculated using previous methods. Also, operating income increased ¥273 million, while ordinary income and income before income taxes each increased ¥274 million.

## **Additional Information**

(Accounting procedures for the ESOP trust)

With the aim of ensuring employee benefits, the Company provides shares of the Company to the Nippon-Thompson Employee Stock Ownership Association (hereafter referred to as the Company's Stock Ownership Association) through the ESOP Trust.

### (1) Outline of Trades

The ESOP trust (hereafter referred to as the Trust Account) was established by the Company to cover employees enrolled in 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.

(2) Treasury Shares Remaining in the Trust

Shares of the Company remaining in the trust are recorded as treasury shares under net assets through the carrying value (net of associated costs) in the trust. The carrying value and number of such treasury shares were ¥208 million and 493,000 shares respectively at March 31, 2015 and ¥143 million and 338,000 shares respectively at March 31, 2016.

(3) Carrying Value of Loans Recorded through Application of the Gross Price Method

As of March 31, 2015: ¥200 million; As of March 31, 2016: ¥133 million

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

With the approval in the Diet of the Law for Partial Amendment of the Income Tax, etc. and the Act to Amend the Local Taxation Act, etc. on March 29, 2016, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for the fiscal year under review (limited to those items to be eliminated on or after April 1, 2016) has been changed as follows: 30.9% for those scheduled for collection or payment during the period from April 1, 2016 to March 31, 2018, and 30.6% for those scheduled for collection or payment on or after April 1, 2018.

As a result of these changes, deferred tax assets (net of deferred tax liabilities) decreased ¥142 million, remeasurements of defined benefit plans decreased ¥5 million, and income taxes deferred increased ¥205 million, net unrealized holding gains on available-for-sale securities increased ¥68 million.



## Notes

### (Statement of Changes in Consolidated Shareholders' Equity)

For the fiscal Year ended March 31, 2016

#### 1. Class and Number of Shares Issued

	As of April 1, 2015 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2016 (Shares)
Common stock	<b>73,499,875</b>	<b>1,550</b>	—	<b>73,501,425</b>

Note: 1. The increase of 1,550 shares of treasury stock is due to the exercise of the subscription rights of convertible bonds with subscription rights.

#### 2. Class and Number of Treasury stock

	As of April 1, 2015 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2016 (Shares)
Common stock	<b>562,594</b>	<b>733,107</b>	<b>155,624</b>	<b>1,140,077</b>

Notes: 1. The 338,000 shares held by the ESOP trust are included in treasury stock at March 31, 2016.

2. The increase of 3,107 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The increase of 730,000 shares of treasury stock is due to the acquisition of treasury stock based on a resolution passed at a meeting of Board of Directors.

4. The decrease of 624 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

5. The decrease of 155,000 shares of treasury stock is due to sales of shares by the ESOP trust to the Employee Stock Ownership Association.

#### 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, 2016 (Millions of yen)
			As of April 1, 2015	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2016	
The Company	<b>Second Series of Unsecured Convertible Bonds with Subscription Rights (Issued April 19, 2011)</b>	<b>Common stock</b>	<b>7,751,937</b>	—	<b>1,550</b>	<b>7,750,387</b>	<b>Note</b>
	<b>Stock Options as Subscription Rights (Issued July 13, 2015)</b>	—	—	—	—	—	<b>18</b>
<b>Total</b>			<b>7,751,937</b>	—	<b>1,550</b>	<b>7,750,387</b>	<b>18</b>

Notes: 1. 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.

2. The decrease of 1,550 shares of treasury stock is due to the exercise of the subscription rights of convertible bonds with subscription rights.

#### 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 26, 2015	<b>Common stock</b>	<b>440</b>	<b>6.00</b>	<b>March 31, 2015</b>	<b>June 29, 2015</b>
Board of directors on November 9, 2015	<b>Common stock</b>	<b>472</b>	<b>6.50</b>	<b>September 30, 2015</b>	<b>December 9, 2015</b>

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 26, 2015, include ¥2 million to be paid as dividends on the 493,000 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 9, 2015, include ¥2 million to be paid as dividends on the 424,000 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 29, 2016	<b>Common stock</b>	<b>Retained earnings</b>	<b>472</b>	<b>6.50</b>	<b>March 31, 2016</b>	<b>June 30, 2016</b>

Note: Total dividends include ¥2 million to be paid as dividends on the 338,000 shares of treasury stock held to date by the ESOP trust.

For the fiscal Year ended March 31, 2015

##### 1. Class and Number of Shares Issued

	As of April 1, 2014 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2015 (Shares)
Common stock	73,499,875	—	—	73,499,875

##### 2. Class and Number of Treasury stock

	As of April 1, 2014 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2015 (Shares)
Common stock	710,420	7,174	155,000	562,594

Notes: 1. The 493,000 shares held by the ESOP trust are included in treasury stock at March 31, 2015.

2. The increase of 7,174 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The decrease of 155,000 shares of treasury stock is due to sales of shares by the ESOP trust to the Employee Stock Ownership Association.

### 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 31,2015 (Millions of yen)
			As of April 1, 2014	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2015	
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, 2014	Common stock	367	5.00	March 31, 2014	June 30, 2014
Board of directors on November 10, 2014	Common stock	367	5.00	September 30, 2014	December 10, 2014

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 27, 2014, include ¥3 million to be paid as dividends on the 648,000 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 10, 2014, include ¥2 million to be paid as dividends on the 566,000 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 26, 2015	Common stock	Retained earnings	440	6.00	March 31, 2015	June 29, 2015

Note: Total dividends include ¥2 million to be paid as dividends on the 493,000 shares of treasury stock held to date by the ESOP trust.

**(Consolidated Statements of Cash Flow)**

	Millions of yen	
	March 31, 2016	March 31, 2015
Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets		
Cash and deposits	13,933	18,871
Time deposits with maturity exceeding three months	(547)	(833)
Cash and cash equivalents at end of year	13,386	18,038

**(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, 2016	March 31, 2015
Net assets per share	801.58	837.71
Earnings per share	21.64	40.71
Diluted earnings per share	19.55	36.80

Notes: 1. Basis for calculations of earnings per share and diluted earnings per share is as follows.

	Millions of yen	
	March 31, 2016	March 31, 2015
Earnings per share		
Profit attributable to owners of parent	1,569	2,966
Value not attributed to common stock	—	—
Profit attributable to owners of parent pertaining to common stock	1,569	2,966
Average number of shares outstanding at period-end	72,515,544shares	72,871,983shares
Diluted earnings per share		
Adjustment value of profit attributable to owners of parent	—	—
Increase in number of shares outstanding (of which convertible bonds with subscription rights)	7,773,595shares (7,750,387shares)	7,751,937shares (7,751,937shares)
(of which Subscription rights to shares)	(23,208shares)	—
Residual shares not included in the calculation of diluted net income per share because they have no dilutive effect	—	—

2. 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 earnings per share for the period, the shares held by the ESOP trust are included in treasury stock.

**(Important Subsequent Events)**

There are no applicable articles.