

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 10, 2016

Consolidated Financial Report
for the First Quarter of the Fiscal Year Ending March 31, 2017
<Japanese GAAP>

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Scheduled Date to Submit Quarterly Annual Securities Report: August 10, 2016

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, 2017
(From April 1, 2016 to June 30, 2016)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
June 30, 2016	10,677	(8.2)	636	(36.6)	61	(95.1)
June 30, 2015	11,635	5.6	1,004	7.1	1,248	44.8

Note: Comprehensive income

Three-month period ended June 30, 2016: (1,642) million yen — %

Three-month period ended June 30, 2015: 1,355 million yen 111.6 %

: 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.

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)	Diluted earnings per share (Yen)
June 30, 2016	(30)	—	(0.42)	—
June 30, 2015	732	53.3	10.05	9.09

(2) Consolidated Financial Position

	(Millions of yen)		
	Total assets	Net assets	Equity ratio (%)
June 30, 2016	88,319	55,955	63.3
March 31, 2016	89,197	58,056	65.0

Reference: Shareholders' equity

As of June 30, 2016: 55,904 million yen

As of March 31, 2016: 58,003 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2017(Forecast)		6.50	—	6.50	13.00
2017	—				
2016	—	6.50	—	6.50	13.00

Note: Change in the current three-month period ended June 30, 2016, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for 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	21,500	(5.5)	1,000	(49.5)	400	(80.1)
Year ending March 31, 2017	44,000	0.8	2,200	(27.1)	1,600	(42.0)

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2016	200	(83.6)	2.76
Year ending March 31, 2017	900	(42.7)	12.43

Notes: 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.

Change in the current three-month period ended June 30, 2016, 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 “5. Summary Information” on page 4.

- (3) Changes in accounting principles and accounting estimates, and restatements
- | | |
|---|------|
| Changes in accounting principles arising from revision of accounting standards: | None |
| Changes other than those in above: | None |
| Changes in accounting estimates: | None |
| Restatements: | None |

- (4) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)	
As of June 30, 2016:	73,501,425 shares
As of March 31, 2016:	73,501,425 shares
Number of treasury stock	
As of June 30, 2016:	1,106,134 shares
As of March 31, 2016:	1,140,077 shares
Average number of shares outstanding at period-end	
Three-month period ended June 30, 2016:	72,383,671 shares
Three-month period ended June 30, 2015:	72,920,774 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 303,900 shares as of June 30, 2016 and 338,000 shares as of March 31, 2016. 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 315,600 shares for the three-month period ended June 30, 2016 and 481,000 shares for the three-month period ended June 30, 2015.

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 10, 2016. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections.

5. Summary Information

- (1) Application of the special accounting methods for the presentation of the quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on profit before income taxes in the current consolidated fiscal year, including the first quarter, and multiplying profit before income taxes by said estimated effective tax rate.

- (2) Additional information

Application of the “Implementation Guidance on Recoverability of Deferred Tax Assets”

The Group has adopted the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016) from the first quarter of the fiscal year under review.

6. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

As of June 30, 2016 and March 31, 2016

ASSETS	Millions of yen	
	June 30, 2016	March 31, 2016
Current Assets:		
Cash and deposits	15,158	13,933
Notes and accounts receivable-trade	10,811	10,240
Finished products	13,203	13,814
Material in process	8,515	9,013
Raw material	5,364	5,558
Others	3,077	3,691
Less: Allowance for doubtful accounts	(13)	(15)
Total current assets	<u>56,117</u>	<u>56,236</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	10,380	10,566
Others	10,078	10,177
Total tangible fixed assets	<u>20,458</u>	<u>20,744</u>
Intangible fixed assets	2,058	1,974
Investments and other assets:		
Investment securities	7,026	7,914
Others	2,702	2,373
Less: Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	<u>9,684</u>	<u>10,242</u>
Total fixed assets	<u>32,201</u>	<u>32,961</u>
TOTAL ASSETS	<u><u>88,319</u></u>	<u><u>89,197</u></u>

LIABILITIES	Millions of yen	
	June 30, 2016	March 31, 2016
Current Liabilities:		
Notes and accounts payable-trade	6,170	6,551
Current portion of bonds	5,000	—
Current portion of convertible bond with subscription rights	—	4,999
Current portion of long-term bank loans	2,736	2,876
Income taxes payable	78	187
Allowance for directors' and corporate auditors' bonuses	17	70
Others	4,794	5,043
Total current liabilities	18,797	19,728
Long-Term Liabilities:		
Corporate bond	5,000	5,000
Long-term bank loans	7,366	5,114
Net defined benefit liabilities	476	539
Others	722	758
Total long-term liabilities	13,565	11,412
TOTAL LIABILITIES	32,363	31,141
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,887	12,887
Retained earnings	33,530	34,034
Treasury stock	(606)	(620)
Total shareholders' equity	55,345	55,833
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,532	2,177
Deferred gains or losses on hedges	13	(4)
Foreign currency translation adjustments	(831)	163
Remeasurements of defined benefit plans	(156)	(167)
Total accumulated other comprehensive income	558	2,169
Subscription rights to shares	18	18
Non-controlling interests	33	35
TOTAL NET ASSETS	55,955	58,056
TOTAL LIABILITIES AND NET ASSETS	88,319	89,197

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

For the first quarter ended June 30, 2016 and 2015

	Millions of yen	
	June 30, 2016	June 30, 2015
Net Sales	10,677	11,635
Cost of Sales	7,160	7,818
Gross Profit	3,516	3,816
Selling, General and Administrative Expenses	2,880	2,811
Operating Income	636	1,004
Non-Operating Income:		
Interest income	2	5
Dividend income	89	85
Foreign currency translation gain	—	187
Others	34	31
	127	309
Non-Operating Expenses:		
Interest expenses	28	32
Foreign exchange losses	600	—
Others	72	33
	702	66
Ordinary Income	61	1,248
Profit before Income Taxes	61	1,248
Income Taxes	90	513
Profit (loss)	(29)	735
Profit attributable to non-controlling interests	1	2
Profit (loss) attributable to owners of parent	(30)	732

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2016 and 2015

	Millions of yen	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Profit (loss)	(29)	735
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	(644)	726
Deferred gains or losses on hedges	18	(0)
Foreign currency translation adjustments	(997)	(94)
Remeasurements of defined benefit plans	11	(11)
Total Other Comprehensive Income	<u>(1,613)</u>	<u>620</u>
Comprehensive Income	<u>(1,642)</u>	<u>1,355</u>
Breakdown:		
Comprehensive income attributable to owners of parent	(1,641)	1,354
Comprehensive income attributable to non-controlling interests	(1)	1

(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.