

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

August 10, 2017

Consolidated Financial Report
for the First Quarter of the Fiscal Year Ending March 31, 2018
<Japanese GAAP>

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Scheduled Date to Submit Quarterly Annual Securities Report: August 10, 2017

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, 2018
(From April 1, 2017 to June 30, 2017)

(1) Results of Consolidated Operations

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
June 30, 2017	12,906	20.9	480	(24.5)	514	735.2
June 30, 2016	10,677	(8.2)	636	(36.6)	61	(95.1)

Note: Comprehensive income

Three-month period ended June 30, 2017: 1,215 million yen — %

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

: 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, 2017	702	—	9.78	9.76
June 30, 2016	(30)	—	(0.42)	—

(2) Consolidated Financial Position

	(Millions of yen)			
	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
June 30, 2017	96,221	59,362	61.3	820.45
March 31, 2017	99,627	58,605	58.4	810.11

Reference: Shareholders' equity

As of June 30, 2017: 58,976 million yen

As of March 31, 2017: 58,216 million yen

2. Dividends

(Yen)

Base date	Dividends per share				
	June 30	September 30	December 31	March 31	Full Fiscal Year
2018(Forecast)		6.50	—	6.50	13.00
2018	—				
2017	—	6.50	—	6.50	13.00

Note: Change in the current three-month period ended June 30, 2017, to dividend forecast: None

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2018

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2017	25,000	17.6	1,400	101.7	1,300	—
Year ending March 31, 2018	50,000	13.3	3,000	161.9	2,900	220.3

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2017	1,200	—	16.69
Year ending March 31, 2018	2,200	—	30.59

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, 2017, 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 on page 8.

(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, 2017: 73,501,425 shares

As of March 31, 2017: 73,501,425 shares

Number of treasury stock

As of June 30, 2017: 1,618,590 shares

As of March 31, 2017: 1,638,790 shares

Average number of shares outstanding at period-end

Three-month period ended June 30, 2017: 71,876,169 shares

Three-month period ended June 30, 2016: 72,383,671 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 93,500 shares as of June 30, 2017 and 113,700 shares as of March 31, 2017. 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 100,166 shares for the three-month period ended June 30, 2017 and 315,600 shares for the three-month period ended June 30, 2016.

These consolidated financial statements are not subject to quarterly review by auditors

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, 2017. Accordingly, for a wide variety of reasons, there remains the possibility that actual performance results may differ from projections.

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

As of June 30, 2017 and March 31, 2017

	Millions of yen	
ASSETS	<u>June 30, 2017</u>	<u>March 31, 2017</u>
Current Assets:		
Cash and deposits	14,261	20,240
Notes and accounts receivable-trade	13,688	13,113
Securities	2,500	—
Finished products	12,342	13,186
Material in process	8,436	7,892
Raw material	4,693	4,837
Others	3,276	3,369
Less: Allowance for doubtful accounts	(11)	(11)
Total current assets	<u>59,188</u>	<u>62,629</u>
Fixed Assets:		
Tangible fixed assets:		
Machinery and vehicles	10,282	10,548
Others	10,237	10,324
Total tangible fixed assets	<u>20,520</u>	<u>20,872</u>
Intangible fixed assets	3,217	3,374
Investments and other assets:		
Investment securities	10,926	10,440
Others	2,412	2,356
Less: Allowance for doubtful accounts	(45)	(45)
Total investments and other assets	<u>13,294</u>	<u>12,751</u>
Total fixed assets	<u>37,032</u>	<u>36,998</u>
 TOTAL ASSETS	 <u><u>96,221</u></u>	 <u><u>99,627</u></u>

LIABILITIES	Millions of yen	
	June 30, 2017	March 31, 2017
Current Liabilities:		
Notes and accounts payable-trade	8,826	8,143
Short-term loans payable	179	400
Current portion of bonds	—	5,000
Current portion of long-term loans payable	3,087	3,133
Income taxes payable	272	202
Allowance for directors' and corporate auditors' bonuses	15	60
Others	4,943	3,920
Total current liabilities	17,323	20,861
Long-Term Liabilities:		
Corporate bond	10,000	10,000
Long-term loans payable	7,458	8,133
Net defined benefit liabilities	115	182
Others	1,961	1,844
Total long-term liabilities	19,535	20,160
TOTAL LIABILITIES	36,858	41,021
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,887	12,887
Retained earnings	33,036	32,801
Treasury stock	(792)	(801)
Total shareholders' equity	54,663	54,420
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	4,332	3,975
Deferred gains or losses on hedges	(0)	6
Foreign currency translation adjustments	42	(104)
Remeasurements of defined benefit plans	(61)	(82)
Total accumulated other comprehensive income	4,312	3,795
Subscription rights to shares	30	30
Non-controlling interests	355	359
TOTAL NET ASSETS	59,362	58,605
TOTAL LIABILITIES AND NET ASSETS	96,221	99,627

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

For the first quarter ended June 30, 2017 and 2016

	Millions of yen	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net Sales	12,906	10,677
Cost of Sales	9,208	7,160
Gross Profit	<u>3,697</u>	<u>3,516</u>
Selling, General and Administrative Expenses	<u>3,217</u>	<u>2,880</u>
Operating Income	480	636
Non-Operating Income:		
Interest income	1	2
Dividend income	94	89
Others	45	34
	<u>141</u>	<u>127</u>
Non-Operating Expenses:		
Interest expenses	42	28
Sales discounts	51	32
Foreign exchange losses	—	600
Others	14	40
	<u>108</u>	<u>702</u>
Ordinary Income	514	61
Extraordinary income:		
Gain on sales of fixed assets	35	—
	<u>35</u>	<u>—</u>
Income before Income Taxes	549	61
Income Taxes	<u>(159)</u>	<u>90</u>
Profit (loss)	<u>709</u>	<u>(29)</u>
Profit attributable to non-controlling interests	<u>6</u>	<u>1</u>
Profit (loss) attributable to owners of parent	<u><u>702</u></u>	<u><u>(30)</u></u>

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2017 and 2016

	Millions of yen	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Profit (loss)	709	(29)
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	356	(644)
Deferred gains or losses on hedges	(7)	18
Foreign currency translation adjustments	136	(997)
Remeasurements of defined benefit plans	20	11
Total Other Comprehensive Income	<u>506</u>	<u>(1,613)</u>
Comprehensive Income	<u>1,215</u>	<u>(1,642)</u>
Breakdown:		
Comprehensive income attributable to owners of parent	1,219	(1,641)
Comprehensive income attributable to non-controlling interests	(3)	(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.

(5) 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.