

NIPPON THOMPSON CO., LTD.

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

May 11, 2015

Consolidated Financial Report
for the Fiscal Year ended March 31, 2015
<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 of Ordinary General Meeting of Shareholders:	June 26, 2015
Scheduled Date to Submit Annual Securities Report:	June 26, 2015
Scheduled Date to Begin Dividend Payments:	June 29, 2015
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, 2015
(From April 1, 2014 to March 31, 2015)

(1) Results of Consolidated Operations

Years ended March 31, 2015 and 2014

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
2015	44,972	14.5	3,877	—	4,792	459.1	2,966	(421.5)
2014	39,259	9.2	(251)	—	857	(41.5)	568	—

Notes: Comprehensive income

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

Fiscal year ended March 31, 2014: 3,531 million yen 255.2 %

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

	Net income per share (Yen)	Diluted net income per share (Yen)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
2015	40.71	36.80	5.1	5.3	8.6
2014	7.82	7.07	1.0	1.0	(0.6)

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2015: — million yen

Fiscal year ended March 31, 2014: — million yen

Note: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of consolidated operations for the fiscal year ended March 31, 2014.

(2) Consolidated Financial Position

Years ended March 31, 2015 and 2014

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2015	93,411	61,099	65.4	837.71
2014	86,891	56,121	64.6	771.01

Reference: shareholders' equity

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

Fiscal year ended March 31, 2014: 56,121 million yen

Note: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of consolidated operations for the fiscal year ended March 31, 2014.

(3) Consolidated Cash Flows

Years ended March 31, 2015 and 2014

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
2015	7,690	(2,443)	(1,856)	18,038
2014	9,051	(1,595)	(3,562)	14,290

2. Dividends

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
2016(Forecast)	—	6.50	—	6.50	13.00
2015	—	5.00	—	6.00	11.00
2014	—	5.00	—	5.00	10.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
2016 (Forecast)		31.4	
2015	807	27.0	1.4
2014	734	127.9	1.3

Note: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of dividends for the fiscal year ended March 31, 2014.

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2016

Six-month period ending September 30, 2015, and the fiscal year ending March 31, 2016						(Millions of yen)
	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change
Six-month period ending September 30, 2015	23,500	5.9	2,200	23.2	2,200	20.4
Year ending March 31, 2016	48,000	6.7	4,800	23.8	4,800	0.2

	Net income attributable to owner of parent	Percentage change	Net income per share (Yen)
Six-month period ending September 30, 2015	1,400	18.6	19.29
Year ending March 31, 2016	3,000	1.1	41.44

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.

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 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 “Changes in accounting policies” 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, 2015: 73,499,875 shares

Fiscal year ended March 31, 2014: 73,499,875 shares

Number of treasury stock

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

Fiscal year ended March 31, 2014: 710,420 shares

Average number of shares outstanding at period-end

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

Fiscal year ended March 31, 2014: 72,726,400 shares

Note: From the consolidated accounting period ended March 31, 2015, 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 493,000 shares as of March 31, 2015 and 648,000 shares as of March 31, 2014. In addition, treasury stock held by the ESOP trust is excluded from the calculation of the average number of shares outstanding at period-end, as is other treasury stock. The difference between the old and new calculation of the average number of shares is thus 561,000 shares for the fiscal year ended March 31, 2015 and 712,834 shares for the fiscal year ended March 31, 2014.

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2015
(From April 1, 2014 to March 31, 2015)**

(1) Results of Non-consolidated Operations

Years ended March 31, 2015 and 2014

(Millions of yen)

	Net sales	Percentage change	Operating income	Percentage change	Ordinary income	Percentage change	Net income	Percentage change
2015	39,709	14.6	3,256	—	4,130	459.2	2,528	—
2014	34,636	10.0	141	(82.8)	738	(24.2)	119	—

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.

	Net income per share (Yen)	Diluted net income per share (Yen)
2015	34.70	31.37
2014	1.64	1.48

Note: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of non-consolidated operations for the fiscal year ended March 31, 2014.

(2) Non-consolidated Financial Position

Years ended March 31, 2015 and 2014

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
2015	85,379	53,935	63.2	739.48
2014	80,808	50,667	62.7	696.08

Reference: shareholders' equity

Fiscal year ended March 31, 2015: 53,935 million yen

Fiscal year ended March 31, 2014: 50,667 million yen

Note: Changes in accounting policies arising from a revision of accounting standards have been retrospectively applied to the results of non-consolidated financial position for the fiscal year ended March 31, 2014.

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 11, 2015. 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, 2015

In the consolidated fiscal year ended March 31, 2015, the Japanese economy saw continued gradual improvement. Although personal consumption temporarily lagged due to a market recoil following the last-minute surge in demand preceding the consumption tax hike at the start of the period, corporate profits began to show signs of improvement and the export environment, backed by the depreciation of yen, remained favorable. Overseas economies saw steady improvement, with the U.S. economy remaining firm, buoyed by increased personal consumption and private capital investment, and the European economy showing some indications of recovery. The rate of economic growth in China slowed somewhat but remained steady.

In the environment in which the Group operates, global competition is generating an ever greater demand for higher quality, lower costs and quick delivery.

Under these circumstances, the Group aimed to bolster its presence and competitiveness in the global market and implemented a range of measures to expand and reinforce its businesses.

From a sales perspective, the Group focused on further cultivating business ties with existing customers and developing new markets, to this end aggressively embracing a “customer-centered, proposal-based sales approach” as a pillar of its sales policy and holding a number of private shows and small-scale exhibitions both in Japan and abroad. Overseas, the Group worked to strengthen its marketing capabilities in North America and Europe and to expand sales in China and East Asia, where demand is expected to continue to grow. In particular, the Group established the sales subsidiary IKO Thompson Asia Co., Ltd. in Thailand as a strategic location to develop markets in Southeast Asia and India, and vigorously worked to expand sales there.

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 ultra-compact linear motion rolling guides, which feature a coupling of its proprietary lubrication technologies with its small sizing technologies, as well as a new product series under the “Maintenance-Free Series,” which features reductions in environmental impact.

From a production standpoint, to improve cost competitiveness, the Group expanded both the production capacity and range of products produced by overseas subsidiary IKO Thompson Vietnam Co., Ltd. while promoting the global procurement of parts and materials.

Turning to the Group’s operational results, domestic demand was firm, particularly in electronics-related industries in the areas of semiconductor manufacturing equipment and electronic component mounting equipment, as well as for machine tools. Overseas, supported by heightened export competitiveness due to the depreciation of the yen, demand, especially that related to electronics, such as, semiconductor manufacturing equipment and electronic component mounting equipment, and precision machinery, improved steadily in Europe and the United States. In Asia, sales rose as the Group pursued aggressive sales activities through sales subsidiaries in China and Thailand.

As a result, the Group’s net sales increased 14.5% compared with the corresponding period of the previous fiscal year, to ¥44,972 million. On the earnings front, although a ¥2,169 million loss on devaluation and disposal of inventories, which

was posted under cost of sales, contributed to an operating loss of ¥251 million in the previous fiscal year, increases in revenue and production helped effect a turnaround, resulting in operating income of ¥3,877 million in the fiscal year under review. Ordinary income came to ¥4,792 million, up 459.1% year on year, due in part to the depreciation of the yen. Net income for the fiscal year under review totaled ¥2,966 million, up 421.5% year on year.

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 ¥39,442 million, an 15.1% increase compared with the corresponding period in the previous fiscal year. Sales of Machine Components rose 10.7% to ¥5,529 million.

Business Segment Information

	March 31, 2015		March 31, 2014		Change	
	Millions of yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	39,442	87.7	34,262	87.3	5,179	15.1
Machine Components	5,529	12.3	4,997	12.7	532	10.7
Total net sales	44,972	100.0	39,259	100.0	5,712	14.5

Outlook

Regarding future forecasts, the Japanese economy is expected to continue its gradual recovery backed by an increase in exports due to the weaker yen, an improvement in operating results led by increased capital investment, and a recovery in consumer spending in tandem with a hike in wages. The overall world economy is also expected to remain firm, especially for developed nations, despite concerns over slowing economic growth in China and the risk of downswing in the U.S. economy should interest rates rise.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥48.0 billion, ordinary income of ¥4.8 billion and net income attributable to owner of parent of ¥3.0 billion for the year ending March 31, 2016.

(2) Analysis of Financial Position

Total assets as of March 31, 2015, totaled ¥93,411 million, an increase of ¥6,519 million compared with the end of the previous fiscal year. This mainly comprised increases in cash and deposits of ¥4,122 million, notes and accounts receivable-trade of ¥1,261 million and investment securities of ¥2,404 million as well as a decrease in inventories of ¥1,728 million.

Total liabilities amounted to ¥32,311 million, an increase of ¥1,541 million compared with the end of the previous fiscal year. This mainly comprised an increase in notes and accounts payable-trade of ¥1,454 million.

Total net assets amounted to ¥61,099 million, an increase of ¥4,978 million compared with the end of the previous fiscal year. The main components were increases in retained earnings of ¥2,188 million and in total accumulated other comprehensive income of ¥2,690 million.

Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥18,038 million, an increase of ¥3,747 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥7,690 million. The major contributors to this result were depreciation and amortization of ¥2,584 million, a decrease in inventories of ¥2,216 million, an increase in notes and accounts payable-trade of ¥1,330 million and an increase in notes and accounts receivable-trade of ¥1,118 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥2,443 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 ¥1,856 million. This was mainly due to proceeds from long-term bank loans of ¥3,009 million, repayments of long-term bank loans of ¥3,552 million and cash dividends paid of ¥734 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Equity ratio (%)	57.4	63.0	64.6	65.4
Equity ratio on market value basis (%)	41.2	39.8	42.3	46.3
Debt repayment period (Years)	—	—	2.2	2.4
Interest coverage ratio (Times)	—	—	50.3	74.6

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 per share. Including the interim dividend of ¥5 per share, the planned full-year dividend payment ¥11 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, 2016.

(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 11, 2015, 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.

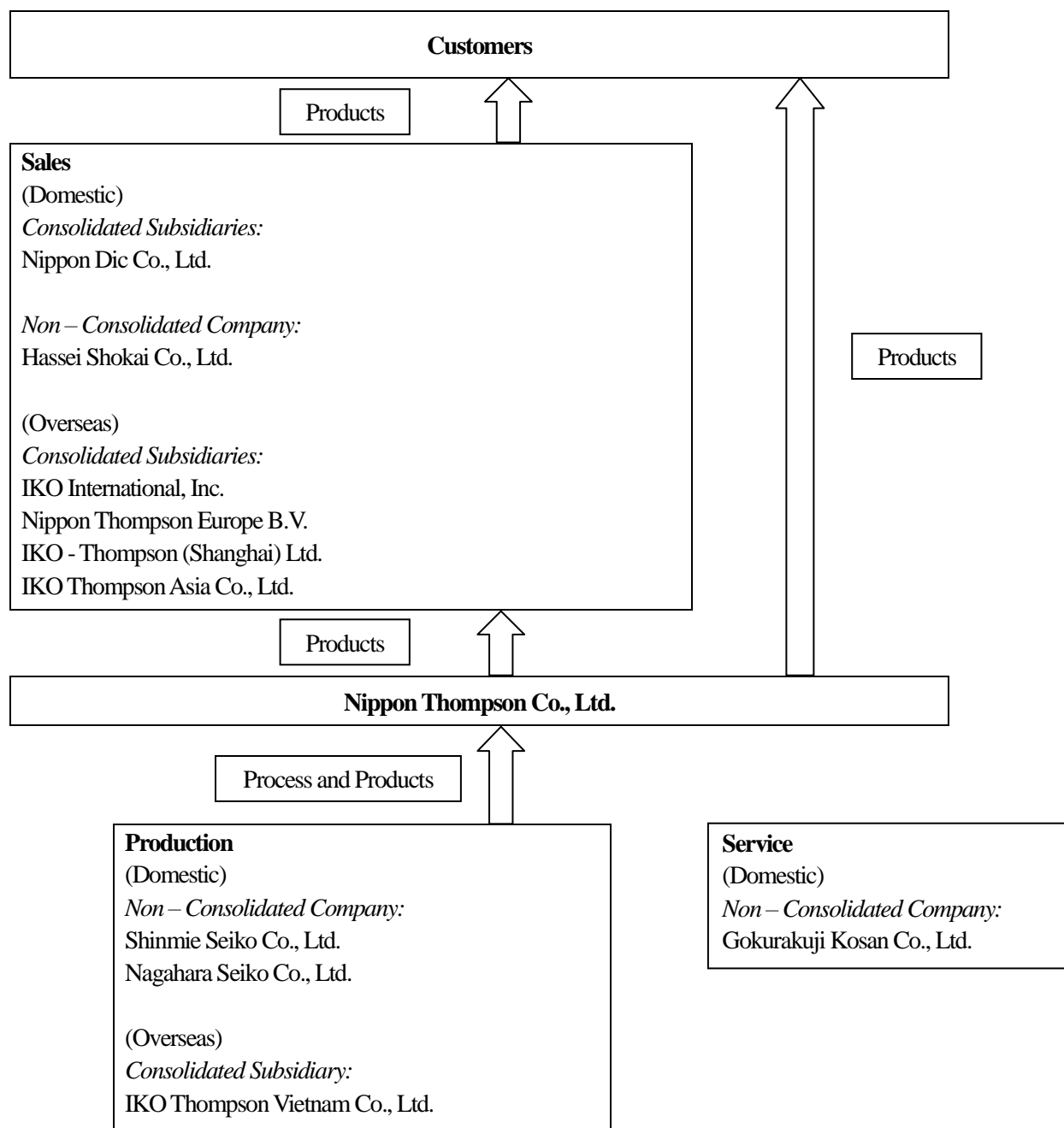
The Group's main factories are concentrated within Gifu Prefecture in Japan. In the unlikely event that a large-scale earthquake, flood or other disaster occurs in this region, the Group's operating results and financial position may be negatively impacted.

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 Asia Co., Ltd. in Thailand and kicked off operations there April 1, 2014.

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

Every activity undertaken by the Group is intended to help realize its vision and resolve customer problems. By bringing to bear the sum of the Group’s knowledge and technology, the Group aims to bolster its presence and competitiveness in the global market while ensuring continued growth. 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.

We aim to develop into a globally trusted and indispensable business group with a unique presence through the manufacture and sale of Needle Roller Bearing and Linear Motion Rolling Guides. To this end, the Group will implement measures to increase international competitiveness based on a flexible approach to addressing changes in the operating environment while focusing management resources on promising markets.

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 sales in the Chinese, South East Asian and Indian markets, where demand is expected to grow, by cultivating new demand while strengthening the technological support our subsidiaries IKO-Thompson (Shanghai) Ltd. and IKO Thompson Asia Co., Ltd. provide to local sales agencies. Going forward, there are other promising regions where growth is expected, and we will expand our businesses in the global market and consider enhancing our sales network by establishing new bases.

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, 2015 and 2014

ASSETS	Millions of yen	
	March 31, 2015	March 31, 2014
Current Assets:		
Cash and deposits	18,871	14,748
Notes and accounts receivable-trade	10,839	9,577
Finished products	13,111	14,028
Material in process	9,327	9,613
Raw material	5,413	5,938
Deferred tax assets	2,752	2,811
Others	1,751	1,175
Less: Allowance for doubtful accounts	(13)	(19)
Total current assets	<u>62,052</u>	<u>57,873</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,026	5,124
Machinery and vehicles	8,850	9,309
Tools and fixtures	501	486
Land	2,965	3,094
Lease assets	598	591
Construction in progress	354	95
Total tangible fixed assets	<u>18,297</u>	<u>18,701</u>
Intangible fixed assets	1,320	609
Investments and other assets:		
Investment securities	9,995	7,591
Deferred tax assets	32	560
Others	1,770	1,604
Less: Allowance for doubtful accounts	(58)	(49)
Total investments and other assets	<u>11,740</u>	<u>9,706</u>
Total fixed assets	<u>31,358</u>	<u>29,017</u>
 TOTAL ASSETS	 <u><u>93,411</u></u>	 <u><u>86,891</u></u>

LIABILITIES	Millions of yen	
	March 31, 2015	March 31, 2014
Current Liabilities:		
Notes and accounts payable-trade	7,368	5,913
Short-term bank loans	—	600
Current portion of long-term bank loans	3,732	2,859
Lease obligations	53	48
Accrued expenses	2,461	2,105
Income taxes payable	930	742
Allowance for directors' and corporate auditors' bonuses	80	70
Others	1,271	667
Total current liabilities	15,898	13,007
Long-Term Liabilities:		
Corporate bonds	5,000	5,000
Convertible bond	5,000	5,000
Long-term bank loans	4,915	6,319
Lease obligations	531	545
Deferred tax liabilities	523	13
Net defined benefit liabilities	333	786
Others	109	98
Total long-term liabilities	16,412	17,762
TOTAL LIABILITIES	32,311	30,770
NET ASSETS		
Shareholders' Equity:		
Common stock	9,532	9,532
Capital surplus	12,886	12,886
Retained earnings	33,966	31,777
Treasury stock	(260)	(322)
Total shareholders' equity	56,125	53,874
Accumulated other comprehensive income:		
Net unrealized holding gains on available-for-sale securities	3,634	2,165
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustments	1,189	53
Remeasurements of defined benefit plans	113	27
Total accumulated other comprehensive income	4,937	2,246
Minority Interests	37	—
TOTAL NET ASSETS	61,099	56,121
TOTAL LIABILITIES AND NET ASSETS	93,411	86,891

Consolidated Statements of Income

Years ended March 31, 2015 and 2014

	Millions of yen	
	March 31, 2015	March 31, 2014
Net Sales	44,972	39,259
Cost of Sales	30,867	30,139
Gross Profit	14,104	9,120
Selling, General and Administrative Expenses	10,227	9,372
Operating Income (Loss)	3,877	(251)
Non-Operating Income:		
Interest income	38	13
Dividend income	140	113
Real estate rent	24	31
Foreign currency translation gain	683	855
Subsidy income	200	200
Others	125	141
	1,213	1,355
Non-Operating Expenses:		
Interest expenses	127	161
Sales discounts	112	66
Loss on retirement of fixed assets	30	—
Others	27	18
	298	246
Ordinary Income	4,792	857
Extraordinary Income:		
Gain on sales of fixed assets	146	—
Gain on sales of investment in securities	12	167
	159	167
Extraordinary Losses:		
Loss on sales of fixed assets	25	—
Loss on retirement of fixed assets	—	122
Impairment loss	—	197
	25	320
Income before Income Taxes	4,925	704
Income Taxes:		
Current	1,377	864
Deferred	557	(728)
Income before Minority Interests	2,990	568
Minority Interests in Income	24	—
Net Income	2,966	568

Consolidated Statements of Comprehensive Income

Years ended March 31, 2015 and 2014

	Millions of yen	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Income before Minority Interests	2,990	568
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	1,468	991
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustments	1,139	1,971
Remeasurements of defined benefit plans	85	—
Total Other Comprehensive Income	<u>2,694</u>	<u>2,962</u>
Comprehensive Income	<u>5,685</u>	<u>3,531</u>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	5,657	3,531
Comprehensive income attributable to minority interests	27	—

Statement of Changes in Consolidated Shareholders' Equity

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 policies	—	—	(43)	—	(43)
Restated balance	9,532	12,886	31,734	(322)	53,831
Changes during the period					
Cash dividends	—	—	(734)	—	(734)
Net Income	—	—	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, 2015	9,532	12,886	33,966	(260)	56,125

	Accumulated other comprehensive income					Minority 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 policies	—	—	—	—	—	—	(43)
Restated balance	2,165	—	53	27	2,246	—	56,077
Changes during the period							
Cash dividends	—	—	—	—	—	—	(734)
Net Income	—	—	—	—	—	—	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

For the fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholder' equity
As of April 1, 2013	9,532	12,886	31,870	(378)	53,911
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	9,532	12,886	31,870	(378)	53,911
Changes during the period					
Cash dividends	—	—	(660)	—	(660)
Net Income	—	—	568	—	568
Acquisition of treasury stock	—	—	—	(1)	(1)
Disposal of treasury stock	—	—	(0)	57	57
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	(92)	56	(36)
As of March 31, 2014	9,532	12,886	31,777	(322)	53,874

	Accumulated other comprehensive income					Minority 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, 2013	1,173	0	(1,918)	—	(744)	—	53,167
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
Restated balance	1,173	0	(1,918)	—	(744)	—	53,167
Changes during the period							
Cash dividends	—	—	—	—	—	—	(660)
Net Income	—	—	—	—	—	—	568
Acquisition of treasury stock	—	—	—	—	—	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	57
Net changes in items other than shareholders' capital	991	(0)	1,971	27	2,990	—	2,990
Total changes during the period	991	(0)	1,971	27	2,990	—	2,954
As of March 31, 2014	2,165	—	53	27	2,246	—	56,121

Consolidated Statements of Cash Flows

Years ended March 31, 2015 and 2014

	Millions of yen	
	March 31, 2015	March 31, 2014
Cash Flows from Operating Activities:		
Income before income taxes	4,925	704
Depreciation and amortization	2,584	2,636
Impairment loss	—	197
Increase (Decrease) in allowance for doubtful accounts	3	(22)
Increase in allowance for directors' and corporate auditors' bonuses	10	—
Decrease in net defined benefit liabilities	(207)	(267)
Interest and dividend income	(179)	(127)
Interest expenses	127	161
Loss on retirement of fixed assets	30	122
Gain on sales of investment in securities	(12)	(167)
Increase in notes and accounts receivable-trade	(1,118)	(565)
Decrease in inventories	2,216	5,909
Decrease(Increase) in other accounts receivable	(175)	459
Increase in notes and accounts payable-trade	1,330	1,070
Increase in accrued expenses	312	214
Others-net	(1,080)	(985)
Subtotal	8,767	9,341
Interest and dividend income received	179	126
Interest paid	(103)	(180)
Income taxes paid	(1,152)	(236)
Net cash provided by operating activities	7,690	9,051

	Millions of yen	
	March 31, 2015	March 31, 2014
Cash Flows from Investing Activities:		
Payments into time deposits	(715)	(395)
Proceeds from time deposits	403	95
Payments for purchase of property, plant and equipment	(1,232)	(1,170)
Payments for purchase of intangible assets	(735)	(222)
Payments for purchase of investment securities	(387)	(114)
Proceeds from sales of investment securities	19	269
Payments for purchase of insurance funds	(281)	(258)
Proceeds from cancellation of insurance funds	77	369
Others-net	408	(167)
Net cash used in investing activities	<u>(2,443)</u>	<u>(1,595)</u>
Cash Flows from Financing Activities:		
Proceeds from short-term bank loans	1,700	600
Repayments of short-term bank loans	(2,300)	—
Proceeds from long-term bank loans	3,009	—
Repayments of long-term bank loans	(3,552)	(3,556)
Proceeds from share issuance to minority shareholders	9	—
Cash dividends paid	(734)	(661)
Payments for purchase of treasury stock	(3)	(1)
Others-net	16	57
Net cash used in financing activities	<u>(1,856)</u>	<u>(3,562)</u>
Foreign currency translation adjustments on cash and cash equivalents	<u>356</u>	<u>429</u>
Net increase in cash and cash equivalents	<u>3,747</u>	<u>4,323</u>
Cash and cash equivalents at beginning of year	<u>14,290</u>	<u>9,967</u>
Cash and cash equivalents at end of year	<u><u>18,038</u></u>	<u><u>14,290</u></u>

Notes on the Premise of a Going Concern

There are no applicable articles.

Changes in accounting policies

(Changes in accounting procedures for retirement benefits)

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 March 26, 2015; 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 consolidated fiscal year ended March 31, 2015 was immaterial. In addition, net assets per share declined ¥0.60 for the consolidated fiscal year under review.

(Changes in accounting procedures for transactions of delivering the company’s own stock to employees etc. through trusts)

As of April 1, 2014, 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, March 26, 2015). 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 fiscal year ended March 31, 2014. Furthermore, the effect of the retrospective application to the fiscal year ended March 31, 2014 was immaterial.

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 ¥274 million and 648,000 shares respectively at March 31, 2014 and ¥208 million and 493,000 shares respectively at March 31, 2015.

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

As of March 31, 2014: ¥267 million; As of March 31, 2015: ¥200 million

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

With the promulgation of the Law for Partial Amendment of the Income Tax, etc. and the Act to Amend the Local Taxation Act, etc. on March 31, 2015, 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, 2015) has been changed as follows: 33.1% for those scheduled for collection or payment during the period from April 1, 2015 to March 31, 2016, and 32.3% for those scheduled for collection or payment on or after April 1, 2016.

As a result of these changes, deferred tax assets (net of deferred tax liabilities) decreased ¥113 million, and income taxes deferred increased ¥285 million, net unrealized holding gains on available-for-sale securities increased ¥166 million, and remeasurements of defined benefit plans increased ¥5 million.

Notes

(Statement of Changes in Consolidated Shareholders' Equity)

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.

For the fiscal Year ended March 31, 2014

1. Class and Number of Shares Issued

	As of April 1, 2013 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2014 (Shares)
Common stock	73,499,875	—	—	73,499,875

2. Class and Number of Treasury stock

	As of April 1, 2013 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2014 (Shares)
Common stock	842,769	3,571	135,920	710,420

Notes: 1. The 648,000 shares held by the ESOP trust are included in treasury stock at March 31, 2014.

2. The increase of 3,571 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The decrease of 920 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

4. The decrease of 135,000 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, 2014 (Millions of yen)
			As of April 1, 2013	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2014	
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, 2013	Common stock	293	4.00	March 31, 2013	June 28, 2013
Board of directors on November 11, 2013	Common stock	367	5.00	September 30, 2013	December 11, 2013

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 27, 2013, include ¥3 million to be paid as dividends on the 783,000 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 11, 2013, include ¥3 million to be paid as dividends on the 721,000 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 27, 2014	Common stock	Retained earnings	367	5.00	March 31, 2014	June 30, 2014

Note: Total dividends include ¥3 million to be paid as dividends on the 648,000 shares of treasury stock held to date by the ESOP trust.

(Consolidated Statements of Cash Flow)

	Millions of yen	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets.		
Cash and deposits	18,871	14,748
Time deposits with maturity exceeding three months	(833)	(457)
Cash and cash equivalents at end of year	18,038	14,290

(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, 2015	March 31, 2014
Net assets per share	837.71	771.01
Net income per share	40.71	7.82
Diluted net income per share	36.80	7.07

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

	Millions of yen	
	March 31, 2015	March 31, 2014
Net income per share		
Net income	2,966	568
Value not attributed to common stock	—	—
Net income pertaining to common stock	2,966	568
Average number of shares outstanding during period	72,871,983shares	72,726,400shares
Diluted net income per share		
Net income adjustment value	—	—
Increase in number of shares outstanding (of which convertible bonds with subscription rights)	7,751,937shares (7,751,937shares)	7,751,937shares (7,751,937shares)
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 net income per share for the period, the shares held by the ESOP trust are included in treasury stock.

3. As noted under “Changes in accounting policies” on page 22, changes made to accounting procedures have been retrospectively applied to the fiscal year ended March 31, 2014.

(Important Subsequent Events)

There are no applicable articles.