

**NIPPON THOMPSON CO., LTD.**

Corporate Headquarters: Tokyo

Listed Code: 6480

Listed Stock Exchange: Tokyo

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

May 14, 2019

**Consolidated Financial Report**  
**for the Fiscal Year ended March 31, 2019**  
**<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 27, 2019
Scheduled Date to Submit Annual Securities Report:	June 27, 2019
Scheduled Date to Begin Dividend Payments:	June 28, 2019
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, 2019**  
**(From April 1, 2018 to March 31, 2019)**

**(1) Results of Consolidated Operations**

Years ended March 31, 2019 and 2018

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit attributable to owners of parent	Percentage change
<b>2019</b>	<b>57,570</b>	<b>4.2</b>	<b>4,883</b>	<b>84.4</b>	<b>5,325</b>	<b>122.2</b>	<b>3,718</b>	<b>121.5</b>
2018	55,228	25.1	2,649	131.2	2,397	164.7	1,678	—

Notes: Comprehensive income

Fiscal year ended March 31, 2019: 1,695 million yen (26.8) %

Fiscal year ended March 31, 2018: 2,317 million yen 71.9 %

: Percentage change for net sales, operating profit, ordinary profit, 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 profit to total assets (%)	Operating profit to net sales (%)
<b>2019</b>	<b>51.95</b>	<b>51.81</b>	<b>6.2</b>	<b>5.3</b>	<b>8.5</b>
2018	23.35	23.30	2.9	2.4	4.8

Reference: Equity in earnings of affiliates

Fiscal year ended March 31, 2019: — million yen

Fiscal year ended March 31, 2018: — million yen

**(2) Consolidated Financial Position**

Years ended March 31, 2019 and 2018

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>2019</b>	<b>101,468</b>	<b>60,195</b>	<b>59.1</b>	<b>837.24</b>
2018	98,493	59,666	60.1	828.26

Reference: shareholders' equity

Fiscal year ended March 31, 2019: 59,987 million yen

Fiscal year ended March 31, 2018: 59,217 million yen

**(3) Consolidated Cash Flows**

Years ended March 31, 2019 and 2018

(Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
<b>2019</b>	<b>5,158</b>	<b>(5,061)</b>	<b>(1,047)</b>	<b>17,023</b>
2018	6,043	(1,379)	(6,696)	18,019

**2. Dividends**

Base date	Dividends per share				
	June 30 (Yen)	September 30 (Yen)	December 31 (Yen)	March 31 (Yen)	Full fiscal year (Yen)
<b>2020(Forecast)</b>	—	<b>7.50</b>	—	<b>7.50</b>	<b>15.00</b>
<b>2019</b>	—	<b>7.50</b>	—	<b>7.50</b>	<b>15.00</b>
2018	—	6.50	—	6.50	13.00

Base date	Total dividends (Full fiscal year)	Dividends payout ratio (Consolidated)	Dividends on net assets (Consolidated)
	(Millions of yen)	(%)	(%)
<b>2020(Forecast)</b>		<b>44.8</b>	
<b>2019</b>	<b>1,080</b>	28.9	<b>1.8</b>
2018	935	55.7	1.6

**3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2020**

Six-month period ending September 30, 2019, and the fiscal year ending March 31, 2020						(Millions of yen)
	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change
Six-month period ending September 30, 2019	25,600	(12.6)	1,300	(48.5)	1,500	(47.6)
Year ending March 31, 2020	53,000	(7.9)	3,200	(34.5)	3,500	(34.3)

  

	Profit attributable to owners of parent	Percentage change	Earnings per share (Yen)
Six-month period ending September 30, 2019	1,030	(50.1)	14.37
Year ending March 31, 2020	2,400	(35.5)	33.47

Note: Percentage change for net sales, operating profit, ordinary profit, 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: None

Changes other than those in above: None

Changes in accounting estimates: None

Restatements: None

(3) Number of shares issued (Common stock)

Number of shares outstanding at period-end (Including treasury stock)

Fiscal year ended March 31, 2019: 73,501,425 shares

Fiscal year ended March 31, 2018: 73,501,425 shares

Number of treasury stock

Fiscal year ended March 31, 2019: 1,851,802 shares

Fiscal year ended March 31, 2018: 2,005,532 shares

Average number of shares outstanding at period-end

Fiscal year ended March 31, 2019: 71,582,315 shares

Fiscal year ended March 31, 2018: 71,886,988 shares

Note: The number of treasury stock includes treasury stock held by the ESOP trust. This resulted in the addition to treasury stock of 358,500 shares as of March 31, 2019 and 480,100 shares as of March 31, 2018. 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 420,450 shares for the fiscal year ended March 31, 2019 and 89,183 shares for the fiscal year ended March 31, 2018.

**Reference: Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2019**  
**(From April 1, 2018 to March 31, 2019)**

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

Years ended March 31, 2019 and 2018

(Millions of yen)

	Net sales	Percentage change	Operating profit	Percentage change	Ordinary profit	Percentage change	Profit	Percentage change
<b>2019</b>	<b>51,075</b>	<b>11.3</b>	<b>4,487</b>	<b>365.2</b>	<b>4,978</b>	<b>305.4</b>	<b>3,373</b>	<b>316.3</b>
2018	45,874	19.8	964	—	1,227	—	810	—

Note: Percentage change for net sales, operating profit, ordinary profit, 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>2019</b>	<b>47.13</b>	<b>47.01</b>
2018	11.27	11.25

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

Years ended March 31, 2019 and 2018

(Millions of yen)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (Yen)
<b>2019</b>	<b>92,936</b>	<b>53,693</b>	<b>57.7</b>	<b>747.80</b>
2018	89,821	53,013	58.9	740.42

Reference: shareholders' equity

Fiscal year ended March 31, 2019: 53,579 million yen

Fiscal year ended March 31, 2018: 52,937 million yen

**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, May 14, 2019. 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 "Overview of Operating Results (4) Outlook" on page 7.

## 5. Operating Results and Financial Position

### (1) Analysis of Operating Results

In the consolidated fiscal year ended March 31, 2019, the Japanese economy continued to gradually improve overall against a backdrop of increased private capital investment and corporate profits in addition to a recovery in personal consumption sustained by improving employment figures and income levels. Overseas, the U.S. economy remained strong, but the outlook grew more uncertain owing mainly to U.S.-China trade tensions and Brexit issues.

Under these circumstances, in April 2018, the Group launched “IKO Medium-term business plan 2020 CHANGE & CHALLENGE ~Next Stage –ACCOMPLISH–.” With the aims of realizing sustainable growth and establishing a highly profitable organization, the Group has been implementing a range of measures to solve priority issues through inter-departmental efforts and improve efficiency in all operations.

From a sales perspective, the Group worked to further cultivate business ties with existing customers in Japan and overseas and develop new growth markets while focusing on expanding sales of strategic products and reinforcing customer management using a new system. Moreover, the Group executed a massive overhaul of its corporate website to improve customer convenience as part of its efforts to enhance the market presence of the IKO brand through web-based stakeholder communication.

In terms of product development, the Group worked to expand its lineup of products that provide high added value from the customer perspective. To this end, the Group developed the long stroke Precision Positioning Table TE series, designed to help make machinery lighter and more compact, and added variation to Double Hex Hole Cam Follower series. In addition, the Group took a proactive stance toward R&D aimed at reducing environmental burdens. For example, the Group engaged in an industry-academia collaboration project involving the co-development of a liquid crystal lubricant that does not evaporate while delivering novel lubricating functions that enhance the durability of machinery and bearings.

From a production standpoint, the Group worked to expand its production capacity by expanding facilities at its domestic factories and the production subsidiary IKO Thompson Vietnam Co., Ltd. At the same time, the Group strove to create an even more efficient production system and, to this end, promoted on-site improvement activities aimed at realizing ideal production processes.

Turning to the Group’s operational results, the balance of orders received remained high despite some markets seeing more restrained private capital investment. In the domestic market, net sales increased due mainly to demand for electronics-related devices and precision machinery. In North America, net sales rose as demand for general industrial machinery remained firm. In Europe, although demand for electronics-related devices was steady, demand for precision machinery stagnated, and net sales remained unchanged from the previous fiscal year. In China, due to proactive sales efforts through local sales subsidiaries and sales agencies, net sales increased. In other regions, net sales declined due partly to economic sanctions on Iran despite strong demand in India and ASEAN countries.

As a result, consolidated net sales for the fiscal year under review totaled ¥57,570 million, up 4.2% year on year. On the earnings front, due mainly to increased revenue and production, operating profit came to ¥4,883 million, up 84.4% year on year, and ordinary profit came to ¥5,325 million, up 122.2% year on year. Profit attributable to owners of the parent amounted

to ¥3,718 million, up 121.5% year on year.

In the consolidated fiscal year under review, net production of Needle Roller Bearings and Linear Motion Rolling Guides was ¥55,928 million based on average sales price, up 26.0% year on year. However, net orders of Needle Roller Bearings, Linear Motion Rolling Guides and Machine Components were down 21.2% to ¥57,490 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 ¥50,820 million, a 5.9% increase compared with the corresponding period in the previous fiscal year. Sales of Machine Components fell 6.7% to ¥6,750 million.

### Business Segment Information

	March 31, 2019		March 31, 2018		Change	
	Millions of yen	Component percentages	Millions of Yen	Component percentages	Millions of yen	Percentage change
Needle Roller Bearings, Linear Motion Rolling Guides	<b>50,820</b>	<b>88.3</b>	47,990	86.9	2,829	5.9
Machine Components	<b>6,750</b>	<b>11.7</b>	7,237	13.1	(487)	(6.7)
Total net sales	<b>57,570</b>	<b>100.0</b>	55,228	100.0	2,342	4.2

### (2) Summary of Financial Position

Total assets as of March 31, 2019, totaled ¥101,468 million, an increase of ¥2,974 million compared with the end of the previous fiscal year. This mainly comprised increases in inventories of ¥4,227 million, tangible fixed assets of ¥2,117 million and deferred tax assets of ¥1,518 million as well as decreases in cash and deposits of ¥1,080 million, accounts receivable-trade of ¥918 million and investment securities of ¥2,733 million.

Total liabilities amounted to ¥41,273 million, an increase of ¥2,445 million compared with the end of the previous fiscal year. This mainly comprised increases in notes and accounts payable-trade of ¥498 million,, accounts payable-other of ¥414 million, long-term loans payable of ¥201 million and income taxes payable of ¥1,267 million.

Total net assets amounted to ¥60,195 million, an increase of ¥529 million compared with the end of the previous fiscal year. This mainly comprised increases in retained earnings of ¥2,709 million as well as decreases in net unrealized holding gains on available-for-sale securities of ¥1,882 million.

### (3) Summary of Cash Flows

Cash and cash equivalents at the end of the fiscal year under review totaled ¥17,023 million, a decrease of ¥995 million compared with the end of the previous fiscal year.

#### *Cash Flows from Operating Activities*

Net cash provided by operating activities was ¥5,158 million. The major inflows were profit before income taxes of ¥5,115 million, depreciation and amortization of ¥3,297 million and a decrease in notes and accounts payable-trade of ¥861 million, while the major outflows was an increase in inventories of ¥4,266 million.

**Cash Flows from Investing Activities**

Net cash used in investing activities totaled ¥5,061 million. This was mainly due to payments for purchase of property, plant and equipment of ¥4,588 million, payments for purchase of intangible assets of ¥239 million and payments for purchase of insurance funds of ¥279 million.

**Cash Flows from Financing Activities**

Net cash used in financing activities totaled ¥1,047 million. The major inflows was proceeds from long-term loans payable of ¥3,000 million, while the major outflows were repayments of long-term loans payable of ¥2,798 million and cash dividends paid of 1,007 million.

The trend of cash flow indices is as follows:

	For the periods ended			
	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Equity ratio (%)	65.0	58.4	60.1	<b>59.1</b>
Equity ratio on market value basis (%)	32.6	43.6	60.9	<b>35.9</b>
Debt repayment period (Years)	7.1	5.4	3.5	<b>4.2</b>
Interest coverage ratio (Times)	21.6	43.4	43.3	<b>60.0</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

- All indices based on consolidated financial figures.
- Aggregate market value of common stock:  
Market price at the period-end x number of shares outstanding at the period-end (excluding treasury stock)
- Cash flows 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.

**(4) Outlook**

Regarding the forecast for the current fiscal year, the Group forecasts that its business environment will remain uncertain as private capital investment in China and elsewhere is expected to be adjusted in consideration of U.S.-China trade tensions.

Amid this situation, the Group is working to establish a stable product supply system in preparation for medium- to long-term growth. We will continue to implement "IKO Medium-term business plan 2020 CHANGE & CHALLENGE ~Next Stage -ACCOMPLISH-" as we strive to achieve sustainable growth and strengthen our earnings base.

In light of these economic conditions, the Group is forecasting consolidated net sales of ¥53.0 billion, operating profit of ¥3.2 billion, ordinary profit of ¥3.5 billion and profit attributable to owners of parent of ¥2.4 billion for the year ending March 31, 2020.

## **(5) 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 ¥7.5 per share. Including the interim dividend of ¥7.5 per share, the planned full-year dividend payment ¥15 per share.

The Company is forecasting a dividend of ¥15 per share (including an interim dividend of ¥7.5 per share) for the fiscal year ending March 31, 2020.

## **6. 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.



**7. Consolidated Financial Statements****Consolidated Balance Sheets**

As of March 31, 2019 and 2018

ASSETS	Millions of yen	
	March 31, 2019	March 31, 2018
Current Assets:		
Cash and deposits	17,023	18,104
Notes and accounts receivable-trade	15,455	16,373
Finished products	14,461	11,734
Material in process	9,667	8,713
Raw material	5,642	5,095
Others	1,389	1,301
Less: Allowance for doubtful accounts	(19)	(25)
Total current assets	<u>63,619</u>	<u>61,296</u>
Fixed Assets:		
Tangible fixed assets:		
Buildings and structures	5,235	5,348
Machinery and vehicles	9,767	9,700
Tools and fixtures	888	712
Land	2,951	2,951
Lease assets	596	635
Construction in progress	2,991	966
Total tangible fixed assets	<u>22,430</u>	<u>20,313</u>
Intangible fixed assets:		
Goodwill	287	345
Others	2,279	2,610
Total intangible fixed assets	<u>2,566</u>	<u>2,956</u>
Investments and other assets:		
Investment securities	8,385	11,119
Deferred tax assets	1,863	344
Others	2,652	2,511
Less: Allowance for doubtful accounts	(49)	(48)
Total investments and other assets	<u>12,851</u>	<u>13,927</u>
Total fixed assets	<u>37,848</u>	<u>37,196</u>
 TOTAL ASSETS	 <u>101,468</u>	 <u>98,493</u>

LIABILITIES	Millions of yen	
	March 31, 2019	March 31, 2018
Current Liabilities:		
Notes and accounts payable-trade	11,438	10,939
Current portion of long-term loans payable	3,179	2,778
Lease obligations	69	68
Accrued expenses	2,691	2,767
Income taxes payable	1,747	479
Allowance for directors' and corporate auditors' bonuses	60	60
Others	2,952	2,484
Total current liabilities	22,138	19,577
Long-Term Liabilities:		
Corporate bonds	10,000	10,000
Long-term loans payable	8,317	8,516
Lease obligations	435	498
Deferred tax liabilities	279	113
Net defined benefit liabilities	13	15
Others	87	104
Total long-term liabilities	19,134	19,249
TOTAL LIABILITIES	41,273	38,827
NET ASSETS		
Shareholders' Equity:		
Common stock	9,533	9,533
Capital surplus	12,875	12,887
Retained earnings	36,253	33,544
Treasury stock	(1,048)	(1,169)
Total shareholders' equity	57,614	54,795
Accumulated Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	2,568	4,450
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustments	(162)	(154)
Remeasurements of defined benefit plans	(32)	125
Total accumulated other comprehensive income	2,373	4,422
Subscription rights to shares	114	76
Non-controlling interests	93	372
TOTAL NET ASSETS	60,195	59,666
TOTAL LIABILITIES AND NET ASSETS	101,468	98,493

**Consolidated Statements of Income**

Years ended March 31, 2019 and 2018

	Millions of yen	
	<b>March 31, 2019</b>	March 31, 2018
Net Sales	<b>57,570</b>	55,228
Cost of Sales	<b>39,333</b>	39,401
Gross Profit	<b>18,237</b>	15,826
Selling, General and Administrative Expenses	<b>13,353</b>	13,177
Operating Profit	<b>4,883</b>	2,649
Non-Operating Income:		
Interest income	<b>19</b>	14
Dividend income	<b>256</b>	199
Insurance income	<b>53</b>	75
Others	<b>364</b>	162
	<b>694</b>	452
Non-Operating Expenses:		
Interest expenses	<b>87</b>	129
Sales discounts	<b>77</b>	233
Loss on retirement of fixed assets	<b>25</b>	44
Foreign exchange losses	<b>—</b>	239
Others	<b>61</b>	57
	<b>252</b>	704
Ordinary Profit	<b>5,325</b>	2,397
Extraordinary income:		
Gain on sales of fixed assets	<b>1</b>	39
Compensation for transfer	<b>—</b>	250
	<b>1</b>	289
Extraordinary Losses:		
Impairment loss	<b>141</b>	—
Dismantlement expenses	<b>—</b>	197
Loss on valuation of investment securities	<b>69</b>	—
	<b>211</b>	197
Profit Before Income Taxes	<b>5,115</b>	2,489
Income Taxes:		
Current	<b>1,816</b>	597
Deferred	<b>(442)</b>	217
	<b>1,373</b>	815
Profit	<b>3,742</b>	1,674
Profit (loss) attributable to non-controlling interests	<b>23</b>	(4)
Profit attributable to owners of parent	<b>3,718</b>	1,678

**Consolidated Statements of Comprehensive Income**

Years ended March 31, 2019 and 2018

	Millions of yen	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Profit	3,742	1,674
Other Comprehensive Income:		
Net unrealized holding gains on available-for-sale securities	(1,882)	474
Deferred gains or losses on hedges	(0)	(6)
Foreign currency translation adjustments	(5)	(32)
Remeasurements of defined benefit plans	(158)	207
Total Other Comprehensive Income	<u>(2,046)</u>	<u>643</u>
Comprehensive Income	<u>1,695</u>	<u>2,317</u>
Breakdown:		
Comprehensive income attributable to owners of the parent	1,669	2,304
Comprehensive income attributable to non-controlling interests	25	12

**Statement of Changes in Consolidated Shareholders' Equity**

For the fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2018	<b>9,533</b>	<b>12,887</b>	<b>33,544</b>	<b>(1,169)</b>	<b>54,795</b>
Changes during the period					
Cash dividends	—	—	<b>(1,007)</b>	—	<b>(1,007)</b>
Profit attributable to owners of parent	—	—	<b>3,718</b>	—	<b>3,718</b>
Acquisition of treasury stock	—	—	—	<b>(0)</b>	<b>(0)</b>
Disposal of treasury stock	—	—	<b>(1)</b>	<b>121</b>	<b>120</b>
Change in ownership interest of parent due to transactions with non-controlling interests	—	<b>(11)</b>	—	—	<b>(11)</b>
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	<b>(11)</b>	<b>2,709</b>	<b>121</b>	<b>2,819</b>
As of March 31, 2019	<b>9,533</b>	<b>12,875</b>	<b>36,253</b>	<b>(1,048)</b>	<b>57,614</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, 2018	<b>4,450</b>	<b>0</b>	<b>(154)</b>	<b>125</b>	<b>4,422</b>	<b>76</b>	<b>372</b>	<b>59,666</b>
Changes during the period								
Cash dividends	—	—	—	—	—	—	—	<b>(1,007)</b>
Profit attributable to owners of parent	—	—	—	—	—	—	—	<b>3,718</b>
Acquisition of treasury stock	—	—	—	—	—	—	—	<b>(0)</b>
Disposal of treasury stock	—	—	—	—	—	—	—	<b>120</b>
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	<b>(11)</b>
Net changes in items other than shareholders' capital	<b>(1,882)</b>	<b>(0)</b>	<b>(7)</b>	<b>(158)</b>	<b>(2,048)</b>	<b>38</b>	<b>(279)</b>	<b>(2,289)</b>
Total changes during the period	<b>(1,882)</b>	<b>(0)</b>	<b>(7)</b>	<b>(158)</b>	<b>(2,048)</b>	<b>38</b>	<b>(279)</b>	<b>529</b>
As of March 31, 2019	<b>2,568</b>	<b>(0)</b>	<b>(162)</b>	<b>(32)</b>	<b>2,373</b>	<b>114</b>	<b>93</b>	<b>60,195</b>

For the fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2017	9,533	12,887	32,801	(801)	54,420
Changes during the period					
Cash dividends	—	—	(935)	—	(935)
Loss attributable to owners of parent	—	—	1,678	—	1,678
Acquisition of treasury stock	—	—	—	(420)	(420)
Disposal of treasury stock	—	—	—	51	51
Net changes in items other than shareholders' capital	—	—	—	—	—
Total changes during the period	—	—	742	(368)	374
As of March 31, 2018	9,533	12,887	33,544	(1,169)	54,795

	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, 2017	3,975	6	(104)	(82)	3,795	30	359	58,605
Changes during the period								
Cash dividends	—	—	—	—	—	—	—	(935)
Loss attributable to owners of parent	—	—	—	—	—	—	—	1,678
Acquisition of treasury stock	—	—	—	—	—	—	—	(420)
Disposal of treasury stock	—	—	—	—	—	—	—	51
Net changes in items other than shareholders' capital	474	(6)	(49)	207	626	46	12	685
Total changes during the period	474	(6)	(49)	207	626	46	12	1,060
As of March 31, 2018	4,450	0	(154)	125	4,422	76	372	59,666

**Consolidated Statements of Cash Flows**

Years ended March 31, 2019 and 2018

	Millions of yen	
	<b>March 31, 2019</b>	March 31, 2018
Cash Flows from Operating Activities:		
Profit before income taxes	<b>5,115</b>	2,489
Depreciation and amortization	<b>3,297</b>	3,094
Increase (Decrease) in allowance for doubtful accounts	<b>(5)</b>	18
Impairment loss	<b>141</b>	—
Decrease in net defined benefit liabilities	<b>(45)</b>	(184)
Interest and dividend income	<b>(276)</b>	(214)
Interest expenses	<b>87</b>	129
Loss on retirement of fixed assets	<b>25</b>	44
Compensation for transfer	—	(250)
Dismantlement expenses	—	197
Loss (gain) on valuation of investment securities	<b>69</b>	—
Decrease (Increase) in notes and accounts receivable-trade	<b>861</b>	(3,196)
Decrease (Increase) in inventories	<b>(4,266)</b>	410
Decrease (Increase) in other accounts receivable	<b>(175)</b>	(107)
Increase (Decrease) in notes and accounts payable-trade	<b>587</b>	2,704
Increase (Decrease) in accrued expenses	<b>111</b>	326
Others-net	<b>264</b>	228
Subtotal	<b>5,794</b>	5,688
Interest and dividend income received	<b>276</b>	214
Interest expenses paid	<b>(85)</b>	(139)
Proceeds from compensation for transfer	—	250
Dismantlement expenses paid	<b>(197)</b>	—
Income taxes refund(paid)	<b>(628)</b>	29
Net cash provided by operating activities	<b>5,158</b>	6,043

	Millions of yen	
	<b>March 31, 2019</b>	March 31, 2018
Cash Flows from Investing Activities:		
Payments for purchase of property, plant and equipment	(4,588)	(1,539)
Payments for purchase of intangible assets	(239)	(143)
Payments for purchase of investment securities	(31)	(18)
Payments for purchase of insurance funds	(279)	(260)
Proceeds from cancellation of insurance funds	66	532
Others-net	9	49
Net cash used in investing activities	<b>(5,061)</b>	(1,379)
Cash Flows from Financing Activities:		
Increase in short-term loans payable	—	2,500
Decrease in short-term loans payable	—	(2,897)
Proceeds from long-term loans payable	3,000	3,420
Repayments of long-term loans payable	(2,798)	(3,391)
Redemption of bonds	—	(5,000)
Cash dividends paid	(1,007)	(935)
Payments for purchase of treasury stock	(0)	(420)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(316)	—
Others-net	76	28
Net cash used in financing activities	<b>(1,047)</b>	(6,696)
Effect of exchange rate change on cash and cash equivalents	(44)	11
Net decrease in cash and cash equivalents	<b>(995)</b>	(2,020)
Cash and cash equivalents at beginning of year	<b>18,019</b>	20,040
Cash and cash equivalents at end of year	<b>17,023</b>	18,019



## 7. Notes

### (Notes on the Premise of a Going Concern)

There are no applicable articles.

### (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 at carrying value (net of associated costs) . The carrying value and number of such treasury shares were ¥416 million and 480,000 shares respectively at March 31, 2018 and ¥310 million and 358,000 shares respectively at March 31, 2019.

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

As of March 31, 2018: ¥420 million; As of March 31, 2019: ¥336 million

### (Change in presentation)

(Change Following the Application of Partial Amendments to Accounting Standard for Tax Effect Accounting)

The Group applies Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) from April 1, 2019. Deferred tax assets will now be presented under investments and other assets, and deferred tax liabilities will now be presented under long-term liabilities.

As a result, in the consolidated balance sheet for the previous fiscal year, ¥1,687 million in deferred tax assets under current assets and ¥1,342 million out of the total deferred tax liabilities under long-term liabilities are now included in the ¥344

million in deferred tax assets under investments and other assets, and deferred tax liabilities under long-term liabilities are now presented as ¥113 million.

(Consolidated Cash Flow Statements)

In the previous fiscal year, payments into time deposits and proceeds from time deposits under cash flows from investing activities are now included in others-net from the current fiscal year forward due to their diminished importance. The consolidated financial statements of the previous fiscal year have been re-presented to reflect this change in the presentation method.

As a result, compared with the consolidated cash flow statements of the previous fiscal year, ¥83 million in payments into time deposits, ¥201 million in proceeds from time deposits, and outflows of ¥68 million in others-net were re-presented as ¥49 million in others-net.

(Statement of Changes in Consolidated Shareholders' Equity)

For the fiscal Year ended March 31, 2019

1. Class and Number of Shares Issued

	As of April 1, 2018 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2019 (Shares)
Common stock	<b>73,501,425</b>	—	—	<b>73,501,425</b>

2. Class and Number of Treasury stock

	As of April 1, 2018 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2019 (Shares)
Common stock	<b>2,005,532</b>	<b>1,030</b>	<b>154,760</b>	<b>1,851,802</b>

Notes: 1. The 358,500 shares held by the ESOP trust are included in treasury stock at March 31, 2019

2. The increase of 1,030 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The decrease of 60 shares of treasury stock is due to sales claims of odd lot shares of less than one trading unit.

4. The decrease of 33,100 shares of treasury stock is due to exercise of the share option rights.

5. The decrease of 121,600 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 31,2019 (Millions of yen)
			As of April 1, 2018	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2019	
The Company	<b>Stock Options as Subscription Rights</b>	—	—	—	—	—	<b>114</b>
<b>Total</b>			—	—	—	—	<b>114</b>

## 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 28, 2018	<b>Common stock</b>	<b>467</b>	<b>6.50</b>	<b>March 31, 2018</b>	<b>June 29, 2018</b>
Board of directors on November 12, 2018	<b>Common stock</b>	<b>540</b>	<b>7.50</b>	<b>September 30, 2018</b>	<b>December 12, 2018</b>

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 28, 2018, include ¥3 million to be paid as dividends on the 480,100 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 12, 2018, include ¥3 million to be paid as dividends on the 431,900 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, 2019	<b>Common stock</b>	<b>Retained earnings</b>	<b>540</b>	<b>7.50</b>	<b>March 31, 2019</b>	<b>June 28, 2019</b>

Note: Total dividends include ¥2 million to be paid as dividends on the 358,500 shares of treasury stock held to date by the ESOP trust.

For the fiscal Year ended March 31, 2018

## 1. Class and Number of Shares Issued

	As of April 1, 2017 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2018 (Shares)
Common stock	73,501,425	—	—	73,501,425

## 2. Class and Number of Treasury stock

	As of April 1, 2017 (Shares)	Increased shares during the fiscal year (Shares)	Decreased shares during the fiscal year (Shares)	As of March 31, 2018 (Shares)
Common stock	1,638,790	484,842	118,100	2,005,532

Notes: 1. The 480,100 shares held by the ESOP trust are included in treasury stock at March 31, 2018.

2. The increase of 342 shares of treasury stock is due to purchase of odd lot shares of less than one trading unit.

3. The increase of 484,500 shares of treasury stock is due to purchase of treasury stock by the ESOP trust.

4. The decrease of 118,100 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 31,2018 (Millions of yen)
			As of April 1, 2017	Increased shares during the fiscal year	Decreased shares during the fiscal year	As of March 31, 2018	
The Company	Stock Options as Subscription Rights	—	—	—	—	—	76
Total			—	—	—	—	76

## 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 29, 2017	Common stock	467	6.50	March 31, 2017	June 30, 2017
Board of directors on November 6, 2017	Common stock	467	6.50	September 30, 2017	December 6, 2017

Notes: 1. Total dividends, based on a resolution at the ordinary general meeting of shareholders held on June 29, 2017, include ¥0 million to be paid as dividends on the 113,700 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 6, 2017, include ¥0 million to be paid as dividends on the 43,000 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 28, 2018	Common stock	Retained earnings	467	6.50	March 31, 2018	June 29, 2018

Note: Total dividends include ¥3 million to be paid as dividends on the 480,100 shares of treasury stock held to date by the ESOP trust.

**(Consolidated Statements of Cash Flows)**

1. Relationship between cash and cash equivalents year ended and the amount of the account stated in the consolidated balance sheets

	Millions of yen	
	<b>March 31, 2019</b>	March 31, 2018
Cash and deposits	<b>17,023</b>	18,104
Time deposits with maturity exceeding three months	—	(84)
<b>Cash and cash equivalents at end of year</b>	<b>17,023</b>	18,019

2. Major non-cash transactions

Assets and liabilities related to finance leases are as follows.

	Millions of yen	
	<b>March 31, 2019</b>	March 31, 2018
Assets related to finance leases	<b>821</b>	814
Liabilities related to finance leases	<b>505</b>	566

**(Business combination related data)**

Transactions under Common Control

Acquisition of Additional Equity in Subsidiaries

1. Overview of business combination

(1) Names and operations of entities related to the business combinations

- ① Name: UBC (Shanghai) Precision Bearing Manufacturing Co., Ltd.  
Operations: Manufacture and sale of precision bearings and specialized bearings for various machines
- ② Name: UBC (Suzhou) Bearing Co., Ltd.  
Operations: R&D, manufacture and sale of bearings

(2) Date of business combination

April 20, 2018

(3) Legal form of business combination

Acquisition of equity from non-controlling interests

(4) Names of companies after combination

No change in names.

(5) Other matters related to the transaction

The percentage of voting rights associated with the additional equity is 25%, and, with this transaction, both UBC (Shanghai) Precision Bearing Manufacturing Co., Ltd. and UBC (Suzhou) Bearing Co., Ltd became wholly owned subsidiaries. The additional acquisition was conducted to enhance corporate value by strengthening collaboration within the Group and accelerating the decision making process.

2. Accounting treatment used

Based on the Accounting Standards Related to Business Combinations and the Application Guidelines Related to Accounting Standards for Business Combinations and Accounting Standards for Business Spinoffs, the combinations were treated as transactions with non-controlling interests (a type of transaction under common control).

3. Matters related to the acquisition of additional equity in subsidiaries

Acquisition price and breakdown by type of consideration

Cash consideration of acquisition: US\$2,941,000

Acquisition price: US\$2,941,000

## 4. Matters related to change in Nippon Thompson's equity due to transactions with non-controlling interests

## (1) Main factor behind the change in capital surplus

Acquisition of additional equity in subsidiaries

## (2) Amount by which capital surplus declined due to transactions with non-controlling interests

¥11 million

**(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	
	<b>March 31, 2019</b>	March 31, 2018
Net assets per share	<b>837.24</b>	828.26
Earnings per share	<b>51.95</b>	23.35
Diluted earnings per share	<b>51.81</b>	23.30

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

	Millions of yen	
	<b>March 31, 2019</b>	March 31, 2018
Earnings per share		
Profit (loss) attributable to owners of parent	<b>3,718</b>	1,678
Value not attributed to common stock	—	—
Profit (loss) attributable to owners of parent pertaining to common stock	<b>3,718</b>	1,678
Average number of shares outstanding at period-end	<b>71,582,315shares</b>	71,886,988shares
Diluted earnings per share		
Adjustment value of profit attributable to owners of parent	—	—
Increase in number of shares outstanding (of which subscription rights to shares)	<b>189,563</b> <b>(189,563)</b>	144,828 (144,828)
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.