

# Financial Results for the Nine Months Ended December 31, 2013 [Japanese Accounting Standards] (Consolidated)

January 31, 2014

NTN Corporation

Security Code: 6472

Listings: Tokyo Stock Exchange

URL: <http://www.ntn.co.jp/>

Representative: Shigeyoshi Takagi, President

Contact: Itsuji Gotou, Director, General Manager, Finance Headquarters

Telephone: +81-6-6443-5001

Scheduled submission date of quarterly financial statements: February 13, 2014

Scheduled commencement date of dividend payment: -

Supplementary material of the financial results: Prepared

Investor meeting: Scheduled

## 1. Consolidated Financial Results for the Nine Months Ended December 31, 2013 (April 1, 2013 to December 31, 2013)

(Amounts rounded down to the nearest million yen)  
(Percentage figures represent quarter-on-quarter changes)

### (1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2013	463,640	18.1	20,602	—	18,144	—	-19,596	—
Nine months ended December 31, 2012	392,463	-1.3	1,538	-89.1	-1,385	—	-649	—

Note: comprehensive income: Nine months ended December 31, 2013: 6,925 million yen (4.3%)  
Nine months ended December 31, 2012: 6,637 million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended December 31, 2013	-36.84	—
Nine months ended December 31, 2012	-1.22	—

### (2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2013	848,359	218,633	24.1
Year ended March 31, 2013	768,461	211,742	26.0

Note: Shareholders' equity: Nine months ended December 31, 2013: 204,629 million yen  
Year ended March 31, 2013: 199,903 million yen

## 2. Dividends

(Record date)	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2013	—	0.00	—	0.00	0.00
Year ending March 31, 2014	—	0.00	—	—	—
Year ending March 31, 2014 (forecast)	—	—	—	—	—

Notes: Adjustment from the previously published forecast of dividends: None  
Dividends for year ending March 31, 2014 (forecast) have not been decided.

## 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(% figure represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	630,000	16.8	32,000	339.7	26,000	935.0	-15,000	—	-28.20

Notes: Adjustment from the previously published forecast of earnings: Adjusted  
See the "Notice of Revised Earnings Forecast" published today (January 31, 2014).

\* Notes

(1) Significant changes in subsidiaries during the period (Scope of consolidation): None

(2) Adoption of accounting method specific to the preparation of consolidated quarterly financial statements:  
Adopted

(Note) For further details, please refer to "2. Information regarding Summary Information (Other Information)" on page 4 of Attached Documents.

(3) Changes in accounting policy, changes in accounting estimates and retrospective restatements

- |   |      |
|---|------|
| 1) Changes in accounting principles due to amendment to accounting standards: | None |
| 2) Changes other than above:  | None |
| 3) Changes in accounting estimates:   | None |
| 4) Retrospective restatement:   | None |

(4) Number of shares issued and outstanding (Common stock)

1) Number of shares issued and outstanding at end of the period (treasury stock included):

Nine months ended December 31, 2013: 532,463,527 shares

Year ended March 31, 2013: 532,463,527 shares

2) Number of treasury stock at end of the period:

Nine months ended December 31, 2013: 605,295 shares

Year ended March 31, 2013: 576,643 shares

3) Average number of shares outstanding during the quarter:

Nine months ended December 31, 2013: 531,874,194 shares

Nine months ended December 31, 2012: 531,893,420 shares

\* Presentations related to implementation of quarterly review process

This financial results report for the nine months is exempt from quarterly review under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, the quarterly review process for the financial statements under the Financial Instruments and Exchange Act has not been completed.

\* Notes

All descriptions about the future of the Company contained herein including earnings forecasts are prepared on the basis of data and information currently in our possession as well as certain assumptions that are deemed reasonable, and therefore are not meant to have us committed to their achievement. Various factors may cause actual results to substantially differ from those described herein.

[Contents of the Attached Documents]

1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2013 .....	2
(1) Explanation regarding Consolidated Operating Results.....	2
(2) Explanation regarding Consolidated Financial Position .....	4
2. Information regarding Summary Information (Other Information) .....	4
(1) Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements.....	4
3. Consolidated Financial Statements for the Nine Months .....	5
(1) Balance Sheets.....	5
(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income .....	7
(Consolidated Statement of Operation).....	7
(Consolidated Statement of Comprehensive Income) .....	8
(3) Statements of Cash Flows.....	9
(4) Notes to consolidated financial statements .....	11
(Notes to Going Concern Assumption) .....	11
(Balance Sheet).....	11
(Notes Related to Consolidated Statement of Operation).....	11
(Notes Related to Significant Changes in Shareholder's Equity) .....	11
(Segment Information).....	12
(Significant Subsequent Events) .....	12
4. Supplemental Information.....	13
(1) Earnings by Business Segment.....	13
(2) Sales by Geographic Segment.....	13
(3) Lawsuits, etc. ....	13
(4) Assignment of Fixed Assets .....	14

1. Qualitative Information of Consolidated Financial Statements for the Nine Months ended December 31, 2013

(1) Explanation regarding Consolidated Operating Results

During the current nine months of the year (April 1, 2013 – December 31, 2013), the Japanese economy saw a moderate recovery reflecting the downward revision of the yen and other factors. Looking at overseas economy, the U.S. economy continued a moderate recovery, the European economy was also picking up gradually, and the Chinese economy achieved a stable economic expansion, while other emerging countries saw a trend in a continuing slump in their economic growth.

In such an environment, the Group are promoting various measures, with the aim of the “Reform business structure to generate profit” as defined in the two-year Medium-term Management Plan “Revival 2014” started last April.

For the current nine months, the Group achieved sales of 463,640 million yen (up 18.1% from the same period in the previous year). In terms of income, the Group posted operating income of 20,602 million yen (against operating income of 1,538 million yen booked in the same period in the previous year), and ordinary income of 18,144 million yen (against ordinary loss of 1,385 million yen booked in the same period in the previous year). The Group also recorded a loss as provision for surcharge payments under the Antimonopoly Act of 27,000 million yen, restructuring expenses of 1,362 million yen and structural reform expenses of 302 million yen as an extraordinary loss. As a result, the Group posted a net loss for the current nine months of 19,596 million yen (against quarterly net loss of 649 million yen booked in the same period in the previous year).

Sales by geographical segment were as follows:

1) Japan

In terms of sales, looking at aftermarket applications, there was a decrease in the industrial machinery aftermarket applications, and sales of industrial machinery applications also decreased in construction machinery applications, etc. due to a decline in customer demand in sales to China and Asian economies. Regarding automotive applications, sales fell reflecting the end of the eco-car subsidies. As a result, sales of 238,655 million yen were posted (down 2.3% from the same period in the previous year). Segment income rose to 18,791 million yen (up 231.2% from the same period in the previous year) as a result of a curtailment in fixed costs such as labor costs due to the implementation of an early retirement system, as well as the effects of favorable exchange rates and other factors.

2) Americas

In terms of sales, there was an increase in aftermarket applications thanks to an increase in demand of automotive aftermarket applications customers. Regarding industrial machinery applications, sales decreased centering on construction machinery, but sales of automotive applications rose as a whole on the back of an expansion in customer demand and other factors. Overall, sales were 124,412 million yen (up 27.0% from the same period in the previous year) due partly to the effects of favorable exchange rates. Segment income recorded 1,590 million yen (against the loss of 4,380 million yen booked in the same period in the previous year) primarily due to the elimination of temporary costs resulting from an additional burden imposed on production lines in coping with increased sales to the automotive market.

3) Europe

In terms of sales, there was an increase in aftermarket applications thanks to a recovery in customer demand and other factors of automotive aftermarket applications customers. Regarding industrial machinery applications, sales were at a similar level to the same period in the previous year, but sales of automotive applications grew backed by a recovery in customer demand and other factors. As a result, overall sales were 130,879 million yen (up 36.7% from the same period in the previous year), partially affected by favorable exchange rates. Segment loss of 185 million yen was posted (against the segment loss of 1,144 million yen booked in the same period in the

previous year) due partly to the effects of increased sales and other factors.

4) Asia and other areas

In terms of sales, looking at aftermarket applications, there was a decrease in industrial machinery aftermarket applications but sales of industrial machinery applications increased thanks to an increase in demand for wind turbine in China and other factors. Regarding automotive applications, although sales decreased due to a decrease in customer demand and other factors in other Asian regions, overall sales increased reflecting a recovery in sales to Japanese manufacturers in China and mass production in new projects. Sales as a whole were 84,256 million yen (up 37.6% from the same period in the previous year) due partly to the effects of favorable exchange rates. Segment income recorded 3,443 million yen (up 580.4% from the same period in the previous year) thanks to the effects of increased sales and other factors.

Operating results by business application are as follows:

1) Aftermarket applications

Despite a decline in Japan as well as Asia and other areas, the Group saw sales of 74,634 million yen (up 15.9% from the same period in the previous year) thanks to a recovery in customer demand for automotive aftermarket applications in the Americas and Europe and the effects of favorable exchange rates. Operating income was 12,380 million yen (up 22.1% from the same period in the previous year) reflecting a slash in fixed expenses, including labor costs, and the effects of favorable exchange rates.

2) Industrial machinery applications

Backed by a recovery in a part of China and the effects of favorable exchange rates, the Group marked sales of 71,482 million yen (up 4.7% from the same period in the previous year). Operating income was 1,668 million yen (up 91.5% from the same period in the previous year) reflecting a slash in fixed expenses, including labor costs, the effects of favorable exchange rates, and other factors.

3) Automotive applications

Despite a decrease in sales in Japan, The Group posted sales of 317,523 million yen (up 22.2% from the same period in the previous year) thanks to an overseas recovery in customer demand, the effects of favorable exchange rates, and other factors. Operating income of 6,554 million yen was posted (against the operating loss of 9,469 million yen booked in the same period in the previous year) as a result of the effects of increased sales, a curtailment in fixed expenses, including labor costs in Japan, elimination of temporary costs resulting from an additional burden imposed on production lines in coping with increased sales in Americas, and the effects of favorable exchange rates.

(2) Explanation regarding Consolidated Financial Position

(Assets, Liabilities, and Net assets)

Total current assets increased 56,484 million yen from the previous consolidated fiscal year end (up 14.1%) to 457,805 million yen, due principally to an increase of 24,183 million yen in cash and bank deposits, an increase of 9,394 million yen in finished goods & purchased goods, and an increase of 5,642 million yen in work in process. Total fixed assets increased 23,413 million yen from the previous consolidated fiscal year end (up 6.4%) to 390,553 million yen, due principally to an increase in tangible fixed assets of 18,944 million yen. As a result, total assets increased 79,898 million yen from the previous consolidated fiscal year end (up 10.4%) to 848,359 million yen.

Total current liabilities increased 24,878 million yen from the previous consolidated fiscal year end (up 7.9%) to 340,239 million yen, due principally to an increase of 22,400 million yen in the provision for surcharge payments under the Antimonopoly Act, an increase of 20,597 million yen in notes payable and accounts payable, a decrease of 10,000 million yen in current portion of bonds, and a decrease of 9,897 million yen in short-term loans. Total fixed liabilities increased 48,129 million yen from the previous consolidated fiscal year end (up 19.9%) to 289,486 million yen, due principally to an increase of 38,445 million yen in long-term loans. As a result, total liabilities increased 73,006 million yen over the previous consolidated fiscal year end (up 13.1%) to 629,725 million yen.

Total net assets increased 6,891 million yen from the previous consolidated fiscal year end (up 3.3%) to 218,633 million yen, due principally to an increase of 18,950 million yen in translation adjustments, an increase of 6,076 million yen in net unrealized holding gain on other securities and a decrease of 19,596 million yen in retained earnings.

(Cash Flows)

Cash from operating activities totaled 54,660 million yen (up 308.2% from 41,269 million yen from the same period in the previous year), due principally depreciation expenses of 28,880 million yen, an increase of 19,769 million yen in the provision for surcharge payments under the Antimonopoly Act, and an increase of 16,935 million yen in trade receivable compared with payment for 10,520 million yen of net quarterly loss before income taxes.

Cash used in investment activities decreased to 25,554 million yen (down 42.8% from 19,139 million yen from the same period in the previous year), due principally to payment for tangible fixed assets in the amount of 24,560 million yen.

Cash used in financing activities increased to 57 million yen (against proceeds of 64,654 million yen for the same period in the previous year), due principally to payment of 26,116 million yen for the repayment of long-term loans, payment of 10,000 million yen for redemption of bonds, and payment of 11,447 million yen in net decrease in short-term loans compared with proceeds of 47,766 million yen from long-term loans.

After adding an increase of 885 million yen in translation adjustments, cash and cash equivalents as of the end of the current nine months of the year increased 29,933 million yen from the previous consolidated fiscal year end (up 34.8%) to 116,034 million yen.

2. Information regarding Summary Information (Other Information)

(1) Adoption of Accounting Method Specific to the Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the nine months ended December 31, 2013, after the application of tax effect accounting. However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated using the statutory effective tax rate. Moreover, income taxes adjustments are shown in income and other taxes.

## 3. Consolidated Financial Statements for the Nine Months

## (1) Balance Sheets

(In million yen)

	As of March 31, 2013	As of December 31, 2013
<b>Assets</b>		
Current assets		
Cash and bank deposits	52,792	76,975
Notes and accounts receivable-trade	118,611	123,640
Securities	34,000	36,000
Finished goods & purchased goods	92,770	102,164
Work in process	41,996	47,638
Raw materials & supplies	28,520	32,829
Deferred tax assets	7,377	6,618
Short-term loans receivable	309	5,032
Other	25,880	27,925
Allowance for doubtful accounts	-937	-1,019
Total current assets	401,321	457,805
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	77,909	88,124
Machinery, equipment and vehicles, net	153,496	167,347
Other, net	66,745	61,625
Total property, plant and equipment	298,152	317,096
Intangible fixed assets		
Goodwill	272	286
Other	4,578	5,251
Total intangible fixed assets	4,850	5,538
Investments and other assets		
Investment securities	41,290	50,966
Deferred tax assets	20,903	14,705
Other	2,116	2,447
Allowance for doubtful accounts	-174	-201
Total investments and other assets	64,136	67,918
Total fixed assets	367,140	390,553
Total assets	768,461	848,359

## NTN Corporation (6472) Financial Results for the Nine Months Ended December 31, 2013

(In million yen)

	As of March 31, 2013	As of December 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	88,458	109,055
Short-term loan	160,420	150,523
Current portion of bonds	10,000	—
Accrued income taxes	1,484	2,349
Accrued bonuses for directors and statutory auditors	19	15
Provision for surcharge payments under the Antimonopoly Act	7,231	29,631
Provision for employee's early retirement incentive plans	5,923	—
Other	41,823	48,662
Total current liabilities	315,361	340,239
Long-term liabilities		
Long term loans	190,380	228,825
Accrued retirement benefits for employees	37,880	46,936
Reserve for product defect compensation	1,164	914
Other	11,931	12,809
Total long-term liabilities	241,357	289,486
Total liabilities	556,719	629,725
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	96,739	77,143
Treasury stock	-516	-527
Total shareholders' equity	217,939	198,332
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	5,210	11,286
Translation adjustments	-18,127	823
Accrued retirement benefits adjustments	-5,119	-5,812
Total accumulated other comprehensive income	-18,035	6,297
Minority interests	11,838	14,004
Total net assets	211,742	218,633
Total liabilities and net assets	768,461	848,359

(2) Consolidated Statement of Operation and Consolidated Statement of Comprehensive Income  
 (Consolidated Statement of Operation)

(In million yen)

	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)
Net sales	392,463	463,640
Cost of sales	337,716	382,854
Gross profit	54,746	80,785
Selling, general and administrative expenses	53,208	60,182
Operating income	1,538	20,602
Non-operating income		
Interest income	319	316
Dividend income	396	478
Equity in earnings of unconsolidated subsidiaries	471	577
Other	2,136	2,748
Total non-operating income	3,323	4,120
Non-operating expenses		
Interest expenses	2,943	3,653
Other	3,304	2,924
Total non-operating expenses	6,247	6,578
Ordinary income (loss)	-1,385	18,144
Extraordinary income		
Gain on the sale of investment securities	1,593	—
Total extraordinary income	1,593	—
Extraordinary losses		
Provision for surcharge payments payments under the Antimonopoly Act	—	※ <sup>1</sup> 27,000
Restructuring expenses	402	※ <sup>2</sup> 1,362
Structure reform expenses	—	※ <sup>3</sup> 302
Total extraordinary losses	402	28,665
Loss before income taxes and equity in earnings of affiliated companies	-194	-10,520
Income and other taxes	121	8,541
Loss before minority interests	-316	-19,062
Minority interests in subsidiaries	333	533
Net loss	-649	-19,596

NTN Corporation (6472) Financial Results for the Nine Months Ended December 31, 2013

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)
Net loss before minority interests	-316	-19,062
Other comprehensive income		
Net unrealized holding gain on securities	-259	6,075
Deferred gains or losses on hedges	127	–
Translation adjustments	6,745	19,293
Accrued retirement benefits adjustments	-215	-697
Equity in equity-method affiliates	555	1,317
Total other comprehensive income	6,954	25,988
Comprehensive income	6,637	6,925
(Breakdown)		
Comprehensive income attributable to owners of parent company	5,643	4,736
Comprehensive income attributable to minority interests	994	2,189

## (3) Statements of Cash Flows

(In million yen)

	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)
Net cash provided by operating activities		
Loss before income taxes and equity in earnings of affiliated companies	-194	-10,520
Depreciation and amortization	25,348	28,880
Impairment loss	—	208
Goodwill depreciation	262	120
Increase in provision for surcharge payments under the Antimonopoly Act	—	19,769
Decrease in provision for employee's early retirement incentive plans	—	-5,826
Increase/decrease in allowance for doubtful accounts	14	-66
Increase/decrease in accrued retirement benefits for directors and statutory auditors	-76	-3
Increase/decrease in accrued retirement benefits for employees	990	6,641
Increase/decrease in reserve for product defect compensation	263	-270
Payment of employee's retirement benefits under employee's early retirement system	—	10,657
Surcharge payments under the antimonopoly act	—	7,231
Increase/decrease in other current liabilities for reorganization expenses	—	1,069
Increase/decrease in accrued payments due to the change in retirement benefit plan	-172	-185
Interest and dividend income	-716	-794
Interest expenses	2,943	3,653
Foreign currency translation adjustments / Foreign exchange losses/gains	1,086	-491
Equity in earnings/losses of non-consolidated subsidiaries	-471	-577
Gains or loss on sale of fixed assets	-61	—
Gains or loss on sale of investment securities	-1,589	—
Decrease/increase in trade receivables	20,425	5,311
Decrease/increase in inventories	-14,568	-3,881
Increase/decrease in trade payables	-16,807	16,935
Other	784	2,052
Subtotal	<u>17,460</u>	<u>79,912</u>
Interest and dividend income received	1,342	1,378
Interest paid	-2,894	-3,700
Payment of employee's retirement benefits under employee's early retirement system	—	-10,657
Surcharge payments under the Antimonopoly Act	—	-7,231
Income taxes paid	-2,517	-5,042
Net cash provided by operating activities	<u>13,391</u>	<u>54,660</u>
Net cash used in investing activities		
Increase in time deposits	-1,707	-1,023
Decrease in time deposits	2,251	846
Purchase of property, plant and equipment	-45,754	-24,560
Proceeds from sale of property, plant and equipment	642	—
Purchase of intangible fixed assets	-1,375	-1,321
Purchase of investment securities	-893	—
Proceeds from sale of investment securities	1,701	—
Payment for purchase of subsidiaries stock	-305	-31
Decrease/increase in short-term loans receivable, net	691	280
Other	53	254
Net cash used in investing activities	<u>-44,693</u>	<u>-25,554</u>

NTN Corporation (6472) Financial Results for the Nine Months Ended December 31, 2013

(In million yen)

	Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)	Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)
Net cash provided by financing activities		
Increase/decrease in short-term loans, net	-2,544	-11,447
Proceeds from long-term loans	81,274	47,766
Repayment of long-term loans	-10,971	-26,116
Payment for redemption of bonds	—	-10,000
Proceeds from issuance of shares to minority shareholders	230	240
Dividend payment	-2,659	—
Repayment of lease payable	-186	-201
Other	-488	-299
Net cash provided by financing activities	64,654	-57
Effect of exchange rate changes on cash and cash equivalents	-737	885
Increase/decrease in cash and cash equivalents	32,614	29,933
Cash and cash equivalents, at beginning of the year	52,605	86,100
Increase in cash and cash equivalents from newly consolidated subsidiaries	214	—
Cash and cash equivalents, at end of the year	85,434	116,034

(4) Notes to consolidated financial statements

(Notes to Going Concern Assumption)

None

(Balance Sheet)

1. Contingent liabilities

In November 2012, arbitral proceedings demanding payment of 57,774 thousand U.S. dollars (6,088 million yen equivalent at the rate of the end of the third quarter of this consolidated fiscal year) were launched by an automotive applications customer of NTN-SNR ROULEMENTS (hereinafter "NTN-SNR"), a consolidated subsidiary of the Group, for alleged damages suffered as a result of nonconforming bearings supplied by NTN-SNR.

There is a possibility of the Group incurring future losses as a result of the above arbitration proceedings. However, it is difficult to reasonably estimate any impact at this moment and we cannot tell how or to what extent such potential losses will affect the business performance and financial conditions of the Group.

(Notes Related to Consolidated Statement of Operation)

- \*1 Consolidated subsidiaries of the Company in Europe are coming under investigations of the European Commission on suspicion of the violations of EU Competition Law in connection with automotive bearings business. With the progress of the investigations, we estimated the loss amount expected to occur in the future, and reported 27,000 million yen in extraordinary loss as "provision for surcharge payments under the Antimonopoly Act" in nine months ended December 31, 2013.
- \*2 In the current nine months, an extraordinary loss of 1,362 million yen in business restructuring expenses was recorded. These expenses are related to production restructuring at consolidated subsidiaries (including 208 million yen in impairment losses).
- \*3 In the current nine months, an extraordinary loss of 302 million yen in structure reform expenses was recorded. These expenses are related to the implementation of employee's early retirement system.

(Notes Related to Significant Changes in Shareholder's Equity)

None

## (Segment Information)

## I. Nine months ended December 31, 2012 (April 1, 2012 – December 31, 2012)

## 1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	148,274	95,699	92,778	55,710	392,463	—	392,463
Inter-segment sales or transfers	96,066	2,271	2,996	5,515	106,850	(106,850)	—
Total	244,340	97,970	95,775	61,226	499,313	(106,850)	392,463
Segment income (operating income or loss)	5,674	-4,380	-1,144	506	656	881	1,538

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

## II. Nine months ended December 31, 2013 (April 1, 2013 – December 31, 2013)

## 1. Information related to sales, income or losses, assets, liabilities and other items for individual reporting segments

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	138,452	121,730	125,662	77,794	463,640	—	463,640
Inter-segment sales or transfers	100,202	2,682	5,216	6,461	114,563	(114,563)	—
Total	238,655	124,412	130,879	84,256	578,203	(114,563)	463,640
Segment income (operating income or loss)	18,791	1,590	-185	3,443	23,639	(3,036)	20,602

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions.

2. Major countries or regions in each segment:

Americas: U.S.A., Canada, South and Central America

Europe: Germany, France, United Kingdom, and others

Asia and other areas: China, Thailand, India, and others

## 2. Information related to impairment loss of fixed assets, or goodwill and other items for individual reporting segments

(Significant impairment loss pertaining to fixed assets)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustments	Total
Impairment loss	—	—	208	—	—	208

## (Significant Subsequent Events)

None

## 4. Supplemental Information

## (1) Earnings by Business Segment

Nine months (from April 1, 2012 to December 31, 2012)

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	64,382	68,250	259,830	392,463
Operating income or loss	10,136	871	-9,469	1,538

Nine months (from April 1, 2013 to December 31, 2013)

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	74,634	71,482	317,523	463,640
Operating income	12,380	1,668	6,554	20,602

## (2) Sales by Geographic Segment

Nine months (from April 1, 2012 to December 31, 2012)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
136,009	100,313	87,747	68,392	392,463

Nine months (from April 1, 2013 to December 31, 2013)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
130,271	126,633	119,191	87,543	463,640

- Notes: 1. Sales are reported based on customers' locations based on country or region  
 2. Segmentation into country or region is done according to geographic proximity  
 3. Major countries or regions in each segment:  
 Americas: U.S.A., Canada, South and Central America  
 Europe: Germany, France, United Kingdom, and others  
 Asia and other areas: China, Thailand, India, and others

## (3) Lawsuits, etc.

- 1) In June 2012, the Company and former executives received an indictment filed by the Tokyo District Prosecutors Office ("TDPO") on suspicion of having violated the Japan Antimonopoly Act in relation to the domestic sale of bearings. In March 2013, the Company received a cease and desist order and surcharge payment order (for 7.231 billion yen) from the Japan Fair Trade Commission ("JFTC"). Because the assertions by the JFTC and TDPO are greatly different from the Company's view of the facts, in April 2013, the Company appealed the JFTC's orders and we intend to assert our defense in upcoming criminal proceedings. As a result, hearing proceedings for the JFTC's orders were commenced in September 2013. In addition, a criminal trial was commenced in December 2013, and we will allege the views of the Company during the trial. The Company paid provisionally the penalty in full before the deadline of payment to avoid a risk of overdue charges.

For overseas, consolidated subsidiaries of the Company in Europe are coming under investigations of the European Commission on suspicion of the violations of EU Competition Law in connection with automotive bearings business. With the progress of the investigations, we estimated the loss amount expected to occur in the future, and reported 27,000 million yen in extraordinary loss as "provision for surcharge payments under the Antimonopoly Act" in current nine months of the year. In this regard, regulatory authorities are continuing investigations, etc. at consolidated subsidiaries in the U.S., South Korea and Singapore.

- 2) The Company and its subsidiaries in the U.S. and Canada are defendants in a number of class action suits.

(4) Assignment of Fixed Assets

The Company made a resolution on the assignment of the site of the former Takarazuka Works to Takarazuka City and a general business company at the Board of Directors' meeting held on October 22, 2013, but made an resolution on the suspension of the assignment of such fixed asset to a general business company at the Board of Directors' meeting held on November 27, 2013.

After that, we were aggressively pursuing negotiations on the conclusion of a sales contract with a new assignee and reached an agreement on the terms of sales. Following this agreement, we made a resolution on the assignment of such fixed assets to a new assignee at the Board of Directors' meeting held on December 26, 2013. The final details of the assignment are as follows:

1) The reason for assignment

For more efficient utilization of assets and a higher asset efficiency ratio we have been planning to sell the former site of now-defunct Takarazuka Works after its soil is ameliorated. Recently we have selected the assignee, with whom we have agreed on the terms of sale.

2) Specifics of the assets being assigned

Specifics and location of the assets	Profit from sale*	Current status of assets
Land located at 1-1 Toyo-cho, Takarazuka-shi, Hyogo Prefecture, covering an area of 86,800.02 square meters	About 6.7 billion yen	Unused (former site of Takarazuka Works)

Under the confidentiality obligation owed to the assignee we are required not to disclose the assets' assignment price or book value.

\* Profit from sale represents an estimated amount obtained by deducting estimated expenses to be incurred in the assignment from the price of assignment.

3) Outline of the assignee

The assignees are the Municipality of Takarazuka and a business entity operating in Japan. We are required not to disclose the name of the business entity under our confidentiality obligation owed to the entity. There exists no capital-based, personal, or business relationship between NTN and the business entity.

4) Earnings forecast for future years

By the assignment of the subject assets we expect to have a special profit of some 6.7 billion yen as a gain on sales of fixed assets; however, such special profit will not affect our consolidated earnings for the fiscal year ending in March 2014 because the profit will be recorded in the fiscal year ending in March 2016 following the assets' delivery scheduled for September 2015.