

**Financial Results For the Year Ended March 31, 2015**  
**[Japanese Accounting Standards] (Consolidated)**  
**(Unaudited)**

May 13, 2015

NTN Corporation  
Security Code: 6472  
Listings: Tokyo Stock Exchange  
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Scheduled date of annual shareholders' meeting: June 24, 2015  
Scheduled commencement date of dividend payment: June 25, 2015  
Scheduled submission date of financial statements: June 25, 2015  
Supplementary material of the financial results: Prepared  
Investor meeting: Scheduled

1. Consolidated Financial Results for the Year Ended March 31, 2015  
(April 1, 2014 to March 31, 2015)

(Amounts rounded down to the nearest million yen)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2015	701,900	9.8	43,850	32.9	38,868	35.6	23,352	—
Year ended March 31, 2014	638,970	18.4	33,003	353.5	28,670	—	-14,648	—

Note: comprehensive income: Year ended March 31, 2015: 48,760 million yen (512.5%)  
Year ended March 31, 2014: 7,960 million yen (-1.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income/ Total assets	Operating income/ Net sales
	yen	yen	%	%	%
Year ended March 31, 2015	43.91	—	10.5	4.6	6.2
Year ended March 31, 2014	-27.54	—	-7.3	3.5	5.2

Note: Equity method investment gains or losses: Year ended March 31, 2015: 986 million yen  
Year ended March 31, 2014: 705 million yen

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2015	856,277	262,559	28.6	461.21
Year ended March 31, 2014	848,037	213,368	23.5	374.68

Note: Shareholders' equity: Year ended March 31, 2015: 245,270 million yen  
Year ended March 31, 2014: 199,272 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended March 31, 2015	25,120	-31,293	-37,492	87,777
Year ended March 31, 2014	69,058	-34,132	6,595	129,670

## 2. Dividends

	Dividends per share					Total dividends paid (full year) million yen	Dividend payout ratio (consolidated) %	Dividends on net assets (consolidated) %
	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, 2014	—	0.00	—	2.00	2.00	1,063	—	0.5
Year ended March 31, 2015	—	2.50	—	3.50	6.00	3,190	13.7	1.4
Year ended March 31, 2016 (forecast)	—	5.00	—	5.00	10.00		17.2	

## 3. Forecast of Consolidated Earnings for the Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(For full year figures, percentage figures represent year-on-year changes.

For quarterly figures, percentage figures represent changes against the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholder (parent company)		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half (cumulative)	355,000	5.6	22,000	20.5	20,000	20.0	14,000	51.0	26.33
Full year	725,000	3.3	50,000	14.0	45,000	15.8	31,000	32.7	58.29

### \*Notes

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

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

1) Changes in accounting principles due to amendment to accounting standards: Changed

2) Changes in accounting policy other than above: None

3) Changes in accounting estimates: None

4) Retrospective restatements: None

(Note) For details see page 20 of the attached document "5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)".

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

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

Year ended March 31, 2015: 532,463,527 shares

Year ended March 31, 2014: 532,463,527 shares

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

Year ended March 31, 2015: 670,098 shares

Year ended March 31, 2014: 619,746 shares

3) Average number of shares outstanding:

Year ended March 31, 2015: 531,821,433 shares

Year ended March 31, 2014: 531,868,045 shares

Reference: Overview of Financial Results on Non-Consolidated basis

For the Year Ended March 31, 2015 – Non-consolidated

1. Financial Results for the Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2015	337,995	5.2	12,652	-18.1	18,869	-13.2	11,488	129.7
Year ended March 31, 2014	321,358	0.9	15,456	349.1	21,751	147.2	5,001	—

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2015	21.60	—
Year ended March 31, 2014	9.40	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2015	556,785	178,148	32.0	335.00
Year ended March 31, 2014	524,441	160,605	30.6	301.98

Note: Shareholders' equity

Year ended March 31, 2015: 178,148 million yen

Year ended March 31, 2014: 160,605 million yen

\* Presentations related to implementation of review process

This financial results report is exempt from review under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, the 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. For matters related to the above forecast, please refer to "1. Operating Results and Analysis of Financial Position (1) Analysis of Operating Results (Forecast for the next period)" from page 3.

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## 1. Operating Results and Analysis of Financial Position

### (1) Analysis of Operating Results

During the fiscal year under review, the Japanese economy continued to experience a moderate recovery despite some impact of the increased rate of consumption tax. Looking at overseas economies, the U.S. economy continued to recover and the European economy continued to pick up. However the rate of expansion in the Chinese economy slowed, while other emerging countries saw a gradual slowdown in economic conditions.

In this environment, NTN Group has promoted various initiatives to expand sales in the highly profitable Aftermarket and Industrial Machinery markets, and improve the profitability of its automotive and other businesses with the aim "reforming the business structure to generate profit" as defined in the two-year Medium-term Management Plan "Revival 2014", which started in April 2013.

The Group's net sales for the period were 701,900 million yen (a year on year increase of 9.8%). In terms of income, operating income was 43,850 million yen (a year on year increase of 32.9%) and ordinary income was 38,868 million yen (a year on year increase of 35.6%). Net income of 23,352 million yen was recorded (a net loss of 14,648 million yen was recorded in the previous year) as a result of posting extraordinary income composed of gain on sales of fixed assets of 4,287 million yen, and extraordinary losses composed of payment of customs duties for past financial years of 3,566 million yen, loss related to Anti-Monopoly Act of 2,094 million yen and loss on liquidation of affiliated companies of 432 million yen.

Sales by geographical segment were as follows:

#### (1) Japan

In terms of sales, looking at aftermarket applications, there was an increase in customer demand for industrial machinery aftermarket applications, and sales of industrial machinery applications increased due to sales in general machinery and aircraft applications. Regarding automotive applications, sales grew as a result of expanded demand from customers. As a result, net sales were 343,315 million yen (up 6.1% year on year) and segment income was 27,557 million yen (up 7.7% year on year) as a result of the effect of increased sales, 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 from automotive aftermarket applications customers. Sales increased in industrial machinery applications, including in construction machinery, and sales of automotive applications increased on the back of mass production in new products, an expansion in customer demand and other factors. As a result, net sales were 198,912 million yen (up 15.8% year on year) due partly to favorable exchange rate effects. However, segment income was 1,410 million yen (down 46.7% year on year) as a result of increased fixed costs resulting from an additional burden imposed on production lines in coping with increased sales to the automobile market.

#### (3) Europe

In terms of sales, there was a fall in sales in aftermarket and automotive applications, but increased sales in industrial machinery applications thanks to sales in wind turbine, aircraft and other applications. Overall, net sales were 187,206 million yen (up 2.7% year on year), partially affected by favorable exchange rates, and segment income of 3,700 million yen was posted (up 73.0% year on year).

#### (4) Asia and other areas

In terms of sales, looking at aftermarket applications, there was an increase in industrial machinery aftermarket applications thanks to increased customer demand. Sales also increased in wind turbine and rolling stock applications in the industrial machinery market. Regarding automotive applications, sales increased thanks to mass production in new projects and increased customer demand in China. As a result, net sales were 132,925 million yen (up 16.8% year on year) due partly to favorable exchange rate effects, and segment income of 10,081 million yen was recorded (up 128.9% year on year) thanks to the effects of increased sales, reduced proportional cost, and other factors.

Results by business application were as follows.

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)				(In million yen)
	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	103,844	101,181	433,944	638,970
Operating income	17,725	3,279	11,999	33,003

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)				(In million yen)
	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	112,433	108,993	480,473	701,900
Operating income	19,237	6,261	18,351	43,850

(1) Aftermarket applications

Net sales of 112,433 million yen were recorded (up 8.3% year on year) thanks to the development of new demand, an expansion in customer demand, the effects of favorable exchange rates and other factors. Operating income was 19,237 million yen (up 8.5% year on year), thanks to increased sales, the effects of favorable exchange rates and other factors.

(2) Industrial machinery applications

Net sales were 108,993 million yen (up 7.7% year on year), thanks to sales in construction machinery, wind turbine and aircraft applications, increased customer demand, favorable exchange rates and other factors. Operating income was 6,261 million yen (up 90.9% year on year), as a result of increased sales, favorable exchange rates, and other factors.

(3) Automotive applications

Net sales were 480,473 million yen (up 10.7% year on year), thanks to increased customer demand, favorable exchange rates and other factors. Operating income was 18,351 million yen (up 52.9% year on year), as a result of increased sales, decreased proportional cost (despite increased fixed costs resulting from an additional burden imposed on production lines in coping with increased sales in the Americas), favorable exchange rates, and other factors.

(Forecast for the Year Ending March 31, 2016)

While the world economy is expected to mildly recover some concerns exist about the effect of the review of the monetary policy in the U.S. and developments in emerging economies.

Under these circumstances, the Company will develop various initiatives as the first year of the New Medium-term Management Plan "NTN 100." (For details, see page 7 of the attached documents "3. Management Policy, (4) Management Issues to be Addressed, (2) Moving forward from "Revival 2014" to a new Medium-Term Management Plan "NTN 100".) The earnings forecast for the full year is as follows: consolidated net sales of 725 billion yen, operating income of 50 billion yen, ordinary income of 45 billion yen and net income of 31 billion yen attributable to the parent company as our shareholder. These forecasts are based on foreign exchange rate assumptions of ¥110/US\$1.00 and ¥130/EUR1.00.

Regarding depreciation and amortization of property, plant and equipment at the NTN Group, in Japan the fixed percentage method was used for the most part, but we plan to change to the fixed amount method from the Year Ending March 31, 2016 with the aim of accurately reflecting the conditions of use of property, plant and equipment in the future. We will become aware of the impact of these changes to depreciation and amortization methods in the future, and we forecast a reduction of approximately 3,500 million yen in depreciation and amortization costs in the Year Ending March 31, 2016. In addition, consolidated subsidiaries of the Company in South Korea and other countries have been investigated by the respective authorities in relation to competition law, and multiple civil action lawsuits (class action lawsuits) have been launched against the Company and its American and Canadian consolidated subsidiaries. In all cases it is

difficult to estimate any impact on our operating results and financial position at this time. As such, this situation has not been taken into consideration in the above forecast.

## (2) Analysis of Financial Position

### (Assets, Liabilities, and Net assets)

Total current assets at March 31, 2015 amounted to 460,979 million yen, a year-on-year decrease of 6,769 million yen (or 1.4%). Major factors included a 12,765 million yen increase in finished goods & purchased goods, a 9,275 million yen increase in notes and accounts receivable, a 26,000 million yen decrease in securities and a 16,652 million yen decrease in cash and bank deposits. Total fixed assets at the fiscal year-end amounted to 395,297 million yen, an increase of 15,009 million yen (or 3.9%) against the end of the previous fiscal year. Major factors included an increase of 6,662 million yen in property, plant and equipment, and an increase of 11,032 million yen in investment securities. As a result, total assets amounted to 856,277 million yen, a year-on-year increase of 8,240 million yen (or 1.0%).

Current liabilities were 301,529 million yen, a year-on-year decrease of 13,689 million yen (or 4.3%). Major factors included an increase of 57,778 million yen in electronically-recorded monetary claims, a decrease of 45,318 million yen in notes and accounts payable, and a decrease of 21,568 million yen in "Other", due to accrued liabilities for loss related to Anti-Monopoly Act and other factors. Total long-term liabilities amounted to 292,188 million yen, a year-on-year decrease of 27,262 million yen (or 8.5%). This is mainly due to a 13,570 million yen decrease in long-term loans payable, and a 9,171 million yen decrease in liabilities for retirement benefits. As a result, total liabilities were 593,717 million yen, a year-on-year decrease of 40,951 million yen (or 6.5%).

Total net assets were 262,559 million yen, a year-on-year increase of 49,191 million yen (or 23.1%). Major factors included an increase of 16,628 million yen in translation adjustments, an increase of 23,272 million yen in retained earnings, and an increase of 6,489 million yen in net unrealized holding gain on securities.

### (Cash Flows)

Net cash provided by operating activities was 25,120 million yen (a year-on-year decrease of 43,938 million yen, or 63.6%). Major items included proceeds of 40,391 million yen from depreciation and amortization, 37,062 million yen from gains before income taxes and minority interests, and 11,794 million yen from trade payables. In contrast to these items, payments included a decrease of 27,925 million yen in accrued liabilities related to a loss related to Anti-monopoly Act, an increase in inventories of 10,522 million yen, a decrease of 8,559 million yen in liabilities for retirement benefits, and disbursement of 8,066 million yen for payment of income taxes.

Net cash used in investment activities was 31,293 million yen (a year-on-year decrease of 2,839 million yen, or 8.3 %). This was mainly due to expenditure of 31,131 million yen in the purchase of property, plant and equipment.

Net cash used in financing activities was 37,492 million yen (6,595 million yen was provided by financing activities in the previous fiscal year). Major factors included expenditure of 37,463 million yen in the repayment of long-term loans and a net reduction of 27,389 million yen in short-term loans, compared to 29,523 million yen in proceeds from long-term loans.

After adding an increase of 1,772 million yen in translation adjustments to the above changes, cash and cash equivalents as of the end of the current fiscal year were 87,777 million yen, an decrease of 41,892 million yen (32.3%) from the previous consolidated fiscal year end.

### (Reference) Cash flow indicators

	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Shareholders' equity ratio (%)	28.4	26.0	23.5	28.6
Shareholders' equity ratio based on current market value (%)	26.9	17.0	22.0	39.6
Cash flows to interest-bearing debt ratio (annual)	15.9	17.6	5.5	14.3
Interest coverage ratio (times)	5.1	5.2	14.1	5.4

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on current market value: Market capitalization / Total assets

Cash flows to interest-bearing debt ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

- Each of these was calculated based on the consolidated statements.
- Market value on the stock is calculated based on the closing stock price at the end of the respective accounting period above multiplied by the number of shares issued and outstanding as of the end of the respective accounting period above (after deducting treasury stock).
- Operating cash flow is taken from the cash flows from operating activities in the consolidated statements of cash flows. Interest-bearing debt refers to all debts included in the consolidated balance sheets for which interest is paid. The amount for Interest payments was taken from interest expenses paid in the consolidated statements of cash flows.

### (3) Dividend Policy and Dividends for the Current and Next Fiscal Year

The Company considers rewarding its shareholders an issue of foremost importance. Regarding dividends, the Company makes it a basic policy to first secure funds for research & development and capital expenditure for future growth, and then provide steady, sustainable dividends from a medium- and long-term perspective in accordance with its consolidated performance. Specifically, the Company will determine each dividend in consideration of its cash flow situation and the consolidated dividend payout ratio.

Regarding year-end dividends for the current fiscal year, it is forecast that year-end dividends will be 3.5 yen per share. When added to the interim dividend (2.5 yen per share), it is forecast that for the year as a whole total dividends will be 6 yen per share. It is forecast that dividends for the following fiscal year will be 10 yen per share for the year as a whole (interim dividends of 5 yen and year-end dividends of 5 yen).



## 2. The Group Overview

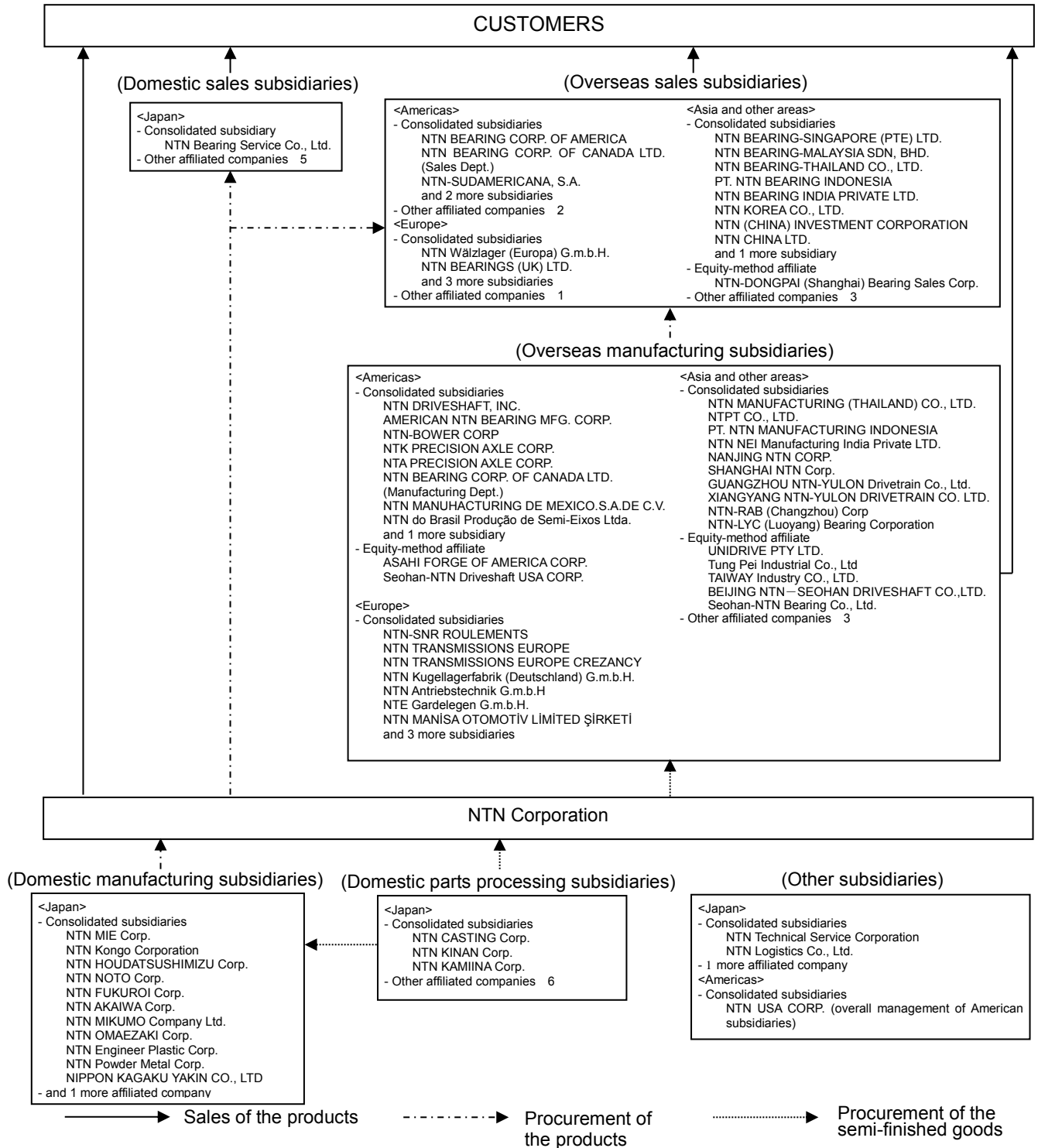
The NTN Group consists of NTN Corporation (the Company), 76 subsidiaries, and 19 affiliated companies (as of March 31, 2015). The Group's main business is the manufacturing and sale of bearings, constant velocity joints and precision equipment for aftermarket applications, industrial machinery applications, and automotive applications. Business activities in Japan are controlled by the Company (head office) and overseas the activities of each region are controlled by the general managers' department allocated to each region. Overseas subsidiaries in each region formulate independent business strategies and business plans and develop business activities while analyzing profitability and investment efficiency.

Accordingly, the NTN Group consists of the Head Office and business segments in different regions based on general managers' departments. Its four reporting segments are "Japan", "Americas", "Europe" and "Asia and other areas".

The main roles of each company within the Group are as follows in all segments.

- Domestic manufacturing is mainly handled by the Company, but some production is consigned to domestic affiliated companies, from whom the Company purchases products. Part of the Company's parts processing operation is also consigned to domestic affiliated companies.
- Domestic sales is mainly handled by the Company, but is also partly made through domestic affiliated companies.
- Overseas manufacturing is handled by the Company's overseas affiliates, with some semi-finished goods supplied by the Company.
- Overseas sales are conducted by the Company, by its overseas sales subsidiaries which procure goods from the Company or from its overseas manufacturing subsidiaries, and by its overseas manufacturing subsidiaries directly.

Nanjing Puzhen NTN Railway Bearing Co., Ltd. passed a dissolution resolution at a board meeting, and was therefore removed from the scope of consolidation under the equity affiliates method.



### 3. Management policy

#### (1) Basic Management Policy

The NTN Group's basic management policy is "to contribute to international society through creating new technologies and developing new products". Based on compliance with laws and regulations, fairness and honesty, the Group carries out business activities appropriate for an international company by creating unique technologies, improving customer satisfaction and promoting globalization as well as aiming to reduce its burden on the environment and construct a resources recycling society.

#### (2) Goals and Objectives

Pursuant to the Medium Term Management Plan "NTN 100" the Company is forging ahead with various initiatives toward strengthen profit control and improve asset efficiency" aimed at ensuring a sound financial structure. (For further details, please see page 9 of the attached documents "3. Management Policy, (4) Management Issues to be Addressed (2) Moving forward from "Revival 2014" toward a new Medium-Term Management Plan "NTN 100".) Thus, the Company attaches great importance to operating income margin and return on equity (ROE).

#### (3) Medium to Long Term Management Strategy

The Company Group will celebrate the 100th anniversary in March 2018. In order to continue growing in the next 100 years the Company has defined "Our vision" as follows:

- (i) A company where its corporate philosophy is understood by all employees around the world and where all employees think and act for themselves.
- (ii) A company with original new products and services, appreciated for its high quality and functions, and has a global presence.
- (iii) A company where everyone involved with NTN is able to be proud of the "NTN" brand.

In the April 2015-March 2018 Medium-Term Management Plan "NTN 100" that started in April 2015 we deem the three years as the period for implementing transformation and building the foundation aimed at realizing "Our vision". In this period we will work in accordance with the three basic policies: "Manage Growth" to concentrate resources (personal, materials and cash) on strategic areas, "Manage Profitability" to reform business structure from "volume" to "Value" to generate profit, and "Manage Foundation" that will strengthen management and financial foundations. Acting on these three policies we will forge ahead with the following major themes:

##### <Manage Growth>

- (i) Develop Businesses in New Areas  
"Develop business in new areas fusing NTN's technology and knowhow"
- (ii) Expand Aftermarket Business  
"World's No. 1 customer satisfaction level with product lineup and engineering services"

##### < Manage Profitability >

- (iii) Structural Reform of the Driveshaft Business  
"NTN driveshafts achieving World's No.1 customer satisfaction level"
- (iv) "Monozukuri" with Next-generation Technology  
"Innovation with "Monozukuri" methods toward next 100 years"

##### <Manage Foundation>

- (v) Strengthen the Management Foundation  
"Establish management foundation as a truly global company"
- (vi) Strengthen the Financial Foundation  
"Strengthen profit control and improve asset efficiency"

#### (4) Management Issues to be Addressed

##### **(1) Strengthening systems to promote compliance with laws and regulations**

The NTN Group has made compliance a top priority and is striving to strengthen its systems for complying with laws and regulations.

##### <Progress of regulatory authorities' investigations, and other>

In June 2012, the Company and some of its 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 domestic sale of bearings. In March 2013, the Company received a cease and desist order

and surcharge payment order (for 7,231 million yen) from the Japan Fair Trade Commission (JFTC). Because the assertions by the JFTC are greatly different from the Company's view of the facts, in April 2013 the Company made a hearing request in respect to the JFTC orders. As a result, hearing proceedings for JFTC orders were commenced in September 2013. In addition, a criminal trial was commenced in December 2013, and in February 2015 a judgment of guilty was passed down at the first trial. However, the Company and its former executives have appealed the judgment, and the criminal case is pending at the Tokyo High Court.

Overseas, in May of last year, a decision was taken by the Competition Commission of Singapore to impose on the Company fines of 455 thousand Singapore dollars (equivalent to 38 million yen at the average exchange rate prevailing in the current fiscal period) on charges of violating its competition law, which the Company paid in full in July of the same year. In the previous period the Company estimated the amount of loss that was expected to arise from such penalty and booked 35 million yen in "Extraordinary Loss."

In August of last year, a decision was taken by the National Development and Reform Commission of China to charge fines against the Company in the amount of 119,160 thousand RMB for a similar reason, which the Company paid in full in September of the same year. In the current period the Company booked 2,094 million yen in "Extraordinary Loss" for such penalty.

In the United States, in November 2011, our consolidated U.S. subsidiaries received subpoenas from the Antitrust Division of the United States Department of Justice (DOJ) demanding information relating to sale of bearings. The subsidiary had so far provided all required information, and in March 2015, the Company and its U.S. subsidiaries received notification from the DOJ that they are no longer subjects of its grand jury investigation into the activities of companies in the bearing industry.

There are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere.

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

#### <Strengthening systems>

For ensuring thorough compliance with the Antimonopoly Act and the Subcontracting Act, under the guidance of **the Fair Trade Monitoring Committee** the Company has **the Fair Trade Promotion Department** engaged in promoting fair trade activities.

**The CSR (Corporate Social Responsibility) Headquarters** established last year has supervised the sections involved in corporate social responsibility, including the Fair Trade Promoting Department, and promoted compliance with legal norms and social responsibilities throughout the Group. It also strengthened its partnership with **the Internal Control Section**, which has been established in general managers' offices in each overseas region, in order to build and strengthen the compliance systems overseas.

The Fair Trade Promoting Department has built a system to allow overall checks on the status of contact with competing companies by making it compulsory to carry out awareness-raising activities, including in-house training, self-audits related to compliance with the Antimonopoly Act, and advance applications in order to prevent and monitor contacts with competing companies.

Overseas, the Company has promoted a reconstruction of the legal system for handling compliance with the competition laws in each region by creating a system to provide regionally-led training, the screening of advance applications, etc., and the implementation of self-audits in collaboration with the Internal Control Sections in each overseas region.

The NTN Group will use these various systems to conduct continuous education and awareness activities that strengthen overall control over our compliance.

## (2) Moving forward from "Revival 2014" to a new Medium-Term Management Plan "NTN 100"

The NTN Group formulated a Medium-Term Management Plan "Revival 2014" for the two-year period from April 2013 to March 2015, promoted various initiatives based on a key policy of "reforming the business structure to generate profit," and succeeded in recovering results beyond the initial forecasts.

For the three-year period from April 2015 to March 2018, the NTN Group will pursue a new Medium-Term Management Plan - "NTN 100," which stands for "NTN Transformation for Next 100."

The three-year period is regarded as a period for transformation and building foundation that will allow realization of “Our vision,” so that the Group can celebrate its 100<sup>th</sup> anniversary in March 2018 and achieve continuous growth for the next 100 years.

Under “NTN 100,” the NTN Group will promote major themes under the following three basic policies: “**Manage Growth**,” through which managerial resources such as personal, materials and cash will be focused on strategic areas; “**Manage Profitability**,” through which value will be pursued without relying on scale; and “**Manage Foundation**,” through which the management and financial foundations needed by the Company will be strengthened.

#### <Manage Growth>

In March 2015, the Company decided to **expand into the natural energy business** by utilizing innovative and highly-efficient blade technology with the aim of establishing a new business that will follow the bearing and constant velocity joint business. The Company has entered into an exclusive license agreement with venture companies (Global Energy Co., Ltd. and Bellsion Co., Ltd.) for the exclusive use of patents and designs derived from its highly-efficient blade technology that is capable of efficiently converting weak wind into rotational energy. We will work to develop, produce and sell compact wind turbines and micro hydro turbines by utilizing the rolling bearings and magnetic materials technology of the NTN Group.

**In the EV (electric vehicle) business**, the Company is accelerating the development of products that support safe driving by next-generation vehicles, including electric vehicles. In December 2014, the Company obtained the world’s first license plate for electric vehicle (EV) mobility “Q’mo,” which is capable of driving on public roads as well as carrying out “pivot turns” and “lateral movement.” For the indispensable basic function of “driving” required of an automobile we are now working for developing an “In-wheel Motor System” for early commercialization. For helping a car to “turn” or “stop” we have already started mass-producing the “Mechanical Clutch Unit” that provides safety support to the next-generation steering system operated via electrical signals, the “Ball Screw Drive Module” and some other items. Thus, the Company will continue to work for expansion of business.

**In the field of robot-related business**, the Company will develop products globally in a way that adapt the unique technologies possessed by NTN to suit new needs, based on a theme of “Working and Living with People.” The Company will accelerate marketing of “Parallel Link High-speed Angle Control Equipment,” “electric actuators,” “linear modules” and other items.

**In the service, solution business**, the Company will build a business utilizing Big Data and develop the business from “providing products” to “providing service, and solutions by utilizing condition monitoring of bearings and diagnostic technology and sensing technology.” By developing and carrying out demonstration testing of the “Condition Monitoring System for Wind Turbines (CMS) known as Wind Doctor™”, which carries out constant monitoring of the operation of large wind power generation, and the “Handy Type Failure Detection Device,” the Company will promote technological progress and a sales expansion.

**In terms of “Expand Aftermarket Business,”** the Company aims to achieve the “**World’s No. 1 customer satisfaction level with product lineup and engineering services.**” In April 2014, the Company established the “East Japan Sales Office,” “Central Japan Sales Office,” “West Japan Sales Office,” and “Sales Engineering Planning Department” in order to strengthen direct visits and engineering services for customers in the aftermarket business in Japan, and significantly increased the number of personnel. In overseas markets the Company has expanded automotive aftermarket business in Europe, the U.S., China and other countries. In the industrial machinery aftermarket business, the Company has intensified “mobile technical services” calling on distributors and their customers on technical service units. We will also enhance our product lineup, shorten lead-times from ordering and delivery, expand engineering services, and aggressively approach **plant equipment aftermarket business** on a global scale.

#### <Manage Profitability>

As part of its efforts to implement “**Structural Reform of the Driveshaft Business**” the Company considers profit increase as the top priority issue and will carry out fundamental reforms with the aim of making NTN driveshafts widely known as “NTN driveshafts achieving World’s No.1 customer satisfaction

level” including with respect to quality, cost, delivery and technology. In sales and technology, the Company will increase the ratio of high-added value products with advance functions, high efficiency and ultra-light, ultra-high angle characteristics. In production, the Company will further promote the local procurement of materials, in addition to promoting initiatives that address changes of parts designs and processing methods that keep wasted materials to an absolute minimum. By enhancing its production capabilities in countries such as China and Mexico, the Company will pursue adjustments in the production burden between different bases.

**In the field of “Monozukuri with Next-generation Technology”** the Company will strengthen cost competitiveness, reduce the equipment unit costs, shorten lead-times, eliminate stock in process, and adopt energy and resource efficient process by introducing innovative manufacturing technologies based on a theme of “Innovation with Monozukuri methods towards next 100 years.” As principal initiatives, the Company will combine transportation equipment with robots in order to develop production lines capable of changing semi-automatic equipment to fully-automatic equipment, and develop this business globally. In view of the importance of stronger quality control on a global basis the Company will establish a global consistent standard quality assurance system with “Made by NTN” .

#### <Manage Foundation>

In terms of **“Strengthen the Management Foundation”** the Company will ensure all NTN Group employees are aware of the “corporate philosophy” as a globally common code of conduct, and strengthen the implementation of compliance, governance and diversity as a global company. In April of last year the Company created “Global Human Resources Development Department.” The Company will continue to work for developing human resources who will be able to perform business activities across countries and regions, as well as personnel who will enhance Company’s “on-site capability” (expertise acquired through on-site works), in a manner popularly called “hitozukuri.” The Company will also apply more extensively the shorter working-hour program for childcare and provide intra-company child day care centers, all in efforts to create workplace and work environment friendlier to work in. Regarding CSR, which is becoming increasingly important, the Company will focus more than ever on activities within the local communities where NTN Group has its business and work hard to promote social contributions and environmental conservation as a business that is loved by the local community.

In terms of **“Strengthening the Financial Foundation,”** the Company will implement various initiatives in order to “strengthen profit control and improve asset efficiency.” The intention is to secure a sound financial structure by reducing interest-bearing debt, improving inventory turnover ratio, reducing obligations for retirement benefits, and implementing financial actions to improve net income to net sales. Thus, the Company intends to implement ongoing long-term and reliable returns of profit to shareholders.

In order to contribute to international society through creating new technologies and developing new products, NTN Group will work hard to strengthen its management foundation even further by implementing the above initiatives and strive to improve profits based on compliance with laws and regulations, fairness and faithfulness.

#### 4. Basic Approach to Selecting Accounting Standards

NTN Group prepared its consolidated financial statements in accordance with Japanese Accounting Standards in order to improve the comparability of consolidated financial statements between different accounting periods and against different companies.

NTN Group intends to consider the future application of International Financial Reporting Standards (IFRS).

## 5. Consolidated Financial Statements

### (1) Balance Sheets

(In million yen)

	As of March 31, 2014	As of March 31, 2015
<b>Assets</b>		
Current assets		
Cash and bank deposits	85,746	69,094
Notes and accounts receivable-trade	135,262	144,537
Electronically recorded monetary claims	95	1,786
Securities	36,000	10,000
Finished goods & purchased goods	90,541	103,306
Work in process	45,097	46,512
Raw materials & supplies	30,845	34,309
Deferred tax assets	7,952	11,062
Short-term loans receivable	10,028	10,020
Other	27,073	31,288
Allowance for doubtful accounts	-894	-939
Total current assets	467,748	460,979
Fixed assets		
Property, plant and equipment		
Buildings and structures	190,395	198,483
Accumulated depreciation	-103,804	-109,558
Buildings and structures, net	<sup>*2</sup> 86,590	<sup>*2</sup> 88,924
Machinery, equipment and vehicles	686,044	721,931
Accumulated depreciation	-522,484	-557,978
Machinery, equipment and vehicles, net	<sup>*2</sup> 163,560	<sup>*2</sup> 163,953
Land	<sup>*2</sup> 32,631	<sup>*2</sup> 34,237
Construction in progress	19,913	21,736
Other	60,256	63,830
Accumulated depreciation	-53,561	-56,630
Other, net	<sup>*2</sup> 6,694	<sup>*2</sup> 7,200
Total property, plant and equipment	309,390	316,052
Intangible fixed assets		
Goodwill	266	193
Other	5,572	9,711
Total intangible fixed assets	5,839	9,904
Investments and other assets		
Investment securities	<sup>*1</sup> 45,952	<sup>*1</sup> 56,984
Deferred tax assets	16,978	9,377
Other	2,370	3,175
Allowance for doubtful accounts	-242	-197
Total investments and other assets	65,058	69,340
Total fixed assets	380,288	395,297
Total assets	848,037	856,277

(In million yen)

	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	106,409	61,091
Electronically-recorded monetary claims	—	57,778
Short-term loans	129,749	120,657
Accrued income taxes	3,424	7,918
Accrued bonuses for directors and statutory auditors	31	123
Reserve for loss on supporting affiliated companies	1,601	1,562
Reserve for loss related to Anti-monopoly Act	35	—
Other	73,966	52,398
Total current liabilities	315,218	301,529
Long-term liabilities		
Long-term loans	252,018	238,448
Reserve for product defect compensation	932	940
Liabilities for retirement benefits	54,248	45,077
Other	12,251	7,722
Total long-term liabilities	319,450	292,188
Total liabilities	634,668	593,717
<b>Net assets</b>		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,369
Retained earnings	82,855	106,127
Treasury stock	-533	-558
Total shareholders' equity	204,037	227,284
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	8,073	14,562
Translation adjustments	-1,727	14,901
Accrued retirement benefits adjustments	-11,111	-11,477
Total accumulated other comprehensive income	-4,765	17,986
Minority interests	14,096	17,288
Total net assets	213,368	262,559
<b>Total liabilities and net assets</b>	<b>848,037</b>	<b>856,277</b>



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

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 – March 31, 2015)
Net sales	638,970	701,900
Cost of sales	<sup>*2</sup> 525,935	<sup>*2</sup> 570,197
Gross profit	113,035	131,703
Selling, general and administrative expenses	<sup>*1, *2</sup> 80,031	<sup>*1, *2</sup> 87,852
Operating income	33,003	43,850
Non-operating income		
Interest income	449	586
Dividend income	478	570
Equity in earnings of unconsolidated subsidiaries	705	986
Royalty	745	355
Other	2,659	2,142
Total non-operating income	5,038	4,641
Non-operating expenses		
Interest expenses	4,822	4,768
Foreign exchange losses	—	2,335
Other	4,549	2,519
Total non-operating expenses	9,372	9,623
Ordinary income	28,670	38,868
Extraordinary income		
Gain on sale of fixed assets	—	<sup>*3</sup> 4,287
Gains on securities contributed to employees' retirement benefit trust	1,272	—
Total extraordinary income	1,272	4,287
Extraordinary losses		
Payment of customs duties for past fiscal years	—	3,566
Loss related to Anti-Monopoly Act	<sup>*4</sup> 27,023	<sup>*4</sup> 2,094
Loss on affiliated company liquidation	—	432
Impairment loss	<sup>*5</sup> 2,013	—
Provision of reserves for loss on supporting affiliated companies	<sup>*6</sup> 1,600	—
Business Restructuring expenses	<sup>*7</sup> 1,420	—
Structural reform expenses	<sup>*8</sup> 301	—
Provision of reserve for loss related to Anti-Monopoly Act	<sup>*9</sup> 35	—
Total extraordinary losses	32,393	6,093
Income / loss(-) before income taxes and equity in earnings of affiliated companies	-2,451	37,062
Income and other taxes	6,744	12,155
Income and other taxes adjustment	4,887	887
Total income and other taxes	11,631	13,043
Income or loss(-) before minority interests	-14,082	24,018
Minority interests in subsidiaries	565	665
Net income or loss(-)	-14,648	23,352

## (Consolidated Statement of Comprehensive Income)

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Income or loss(-) before minority interests	-14,082	24,018
Other comprehensive income		
Net unrealized holding gain on securities	2,862	6,488
Translation adjustments	15,378	17,513
Accrued retirement benefits adjustments	1,821	-283
Equity in equity-method affiliates	1,980	1,023
Total other comprehensive income	* 22,042	* 24,741
Comprehensive income	7,960	48,760
(Breakdown)		
Comprehensive income attributable to owners of parent company	6,226	46,104
Comprehensive income attributable to minority interests	1,733	2,656

(3) Statement of Changes in Shareholders' Equity  
 Previous consolidated accounting year (April 1, 2013 to March 31, 2014)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	54,346	67,369	96,739	-516	217,939
Changes during the period					
Net loss(-)			-14,648		-14,648
Increase/decrease(-) due to changes in scope of consolidation			763		763
Purchase of treasury stock				-18	-18
Sale of treasury stock				0	0
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	—	-13,884	-17	-13,901
Balance at March 31, 2014	54,346	67,369	82,855	-533	204,037

	Accumulated other comprehensive income				Minority interest	Total net assets
	Valuation and translation adjustment	Translation adjustments	Accumulated accrued retirement benefits adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2013	5,210	-18,127	-5,119	-18,035	11,838	211,742
Changes during the period						
Net loss(-)						-14,648
Increase/decrease(-) due to changes in scope of consolidation						763
Purchase of treasury stock						-18
Sale of treasury stock						0
Net changes in items other than shareholders' equity during the period	2,862	16,399	-5,992	13,270	2,257	15,528
Total changes during the period	2,862	16,399	-5,992	13,270	2,257	1,626
Balance at March 31, 2014	8,073	-1,727	-11,111	-4,765	14,096	213,368

Current consolidated accounting year (April 1, 2014 to March 31, 2015)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	54,346	67,369	82,855	△533	204,037
Cumulative impact of changes to accounting policy			2,312		2,312
Balance at April 1, 2014 reflecting changes to accounting policy	54,346	67,369	85,167	-533	206,350
Changes during the period					
Distribution of retained earnings			-2,393		-2,393
Net income			23,352		23,352
Purchase of treasury stock				-25	-25
Sale of treasury stock				0	0
Net changes in items other than shareholders' equity during the period					
Total changes during the period	—	—	20,959	-25	20,934
Balance at March 31, 2015	54,346	67,369	106,127	-558	227,284

	Accumulated other comprehensive income				Minority interest	Total net assets
	Valuation and translation adjustment	Translation adjustments	Accumulated accrued retirement benefits adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2014	8,073	-1,727	-11,111	-4,765	14,096	213,368
Cumulative impact of changes to accounting policy						2,312
Balance at April 1, 2014 reflecting changes to accounting policy	8,073	-1,727	-11,111	-4,765	14,096	215,681
Changes during the period						
Distribution of retained earnings						-2,393
Net income						23,352
Purchase of treasury stock						-25
Sale of treasury stock						0
Net changes in items other than shareholders' equity during the period	6,488	16,629	-366	22,751	3,192	25,943
Total changes during the period	6,488	16,629	-366	22,751	3,192	46,878
Balance at March 31, 2015	14,562	14,901	-11,477	17,986	17,288	262,559

## (4) Statements of Cash Flows

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
<b>Net cash provided by operating activities</b>		
Income or loss(-) before income taxes and equity in earnings of affiliated companies	-2,451	37,062
Depreciation and amortization	39,315	40,391
Impairment loss	2,197	—
Goodwill depreciation	134	54
Increase/decrease(-) in reserve for loss related to Anti-Monopoly Act	-7,196	-35
Increase/decrease(-) related to reserve for early retirement expenses	-5,860	—
Increase / decrease(-) in reserves for loss on supporting affiliated companies	1,559	-39
Increase/decrease(-) in allowance for doubtful accounts	-121	31
Increase/decrease(-) in accrued retirement benefits for directors and statutory auditors	12	91
Increase/decrease(-) in reserve for product defect compensation	-254	5
Increase/decrease(-) in liabilities for retirement benefits	9,100	-8,559
Increase/decrease(-) in accrued liabilities related to a loss pertaining to Antimonopoly Act	27,023	-27,925
Increase/decrease(-) in accrued liabilities related to loss pertaining to the Anti-Monopoly Act	1,138	-889
Increase/decrease(-) in accrued payments due to the change in retirement benefit plan	-999	-10
Anti-Monopoly Act related payment	7,231	30,058
Payment of employee's retirement benefits under employee's early retirement system	10,697	—
Interest and dividend income	-928	-1,156
Interest expenses	4,822	4,768
Foreign currency translation adjustments / Foreign exchange gain/loss(-)	-1,419	459
Equity in earnings/loss(-) of non-consolidated subsidiaries	-705	-986
Gains or loss(-) on sale of fixes assets	—	-4,287
Gain or loss(-) on securities contributed to employees' retirement trust	-1,272	—
Contribution to employees' retirement trust	1,864	5,000
Decrease(-)/increase in trade receivables	-7,197	-6,892
Decrease(-)/increase in inventories	9,105	-10,522
Increase/decrease(-) in trade payables	14,803	11,794
Other	-4,040	2,655
<b>Subtotal</b>	<b>96,558</b>	<b>71,070</b>
Interest and dividend income received	1,576	1,820
Interest paid	-4,912	-4,644
Surcharge payments under the Anti-Monopoly Act	-7,231	-30,058
Payment of employee's retirement benefits under employee's early retirement system	-10,697	—
Contribution to employees' retirement trust paid	—	-5,000
Income taxes paid	-6,234	-8,066
<b>Net cash provided by operating activities</b>	<b>69,058</b>	<b>25,120</b>
<b>Net cash used in investing activities</b>		
Increase in time deposits	-1,627	-2,011
Decrease in time deposits	1,304	1,932
Purchase of property, plant and equipment	-33,350	-31,131
Proceeds from sale of property, plant and equipment	—	5,117
Proceeds from down payment related to sale of tangible fixed assets	1,250	—
Purchase of intangible fixed assets	-1,842	-4,644
Payment for purchase of subsidiaries' stock	-37	—
Decrease/increase in short-term loans receivable, net	281	10
Other	-110	-567
<b>Net cash used in investing activities</b>	<b>-34,132</b>	<b>-31,293</b>

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Net cash provided by financing activities		
Increase/decrease(-) in short-term loans, net	-11,594	-27,389
Proceeds from long-term loans	83,693	29,523
Repayment of long-term loans	-55,710	-37,463
Payment for redemption of bonds	-10,000	—
Proceeds from issuance of shares of minority shareholders	801	979
Dividend payment	—	-2,393
Repayment of lease payable	-276	-274
Other	-318	-475
Net cash provided by financing activities	6,595	-37,492
Effect of exchange rate changes on cash and cash equivalents	1,515	1,772
Increase/decrease(-) in cash and cash equivalents	43,037	-41,892
Cash and cash equivalents, at beginning of the year	86,100	129,670
Increase in cash and cash equivalents from newly consolidated subsidiaries	533	—
Cash and cash equivalents, at end of the year	* 129,670	* 87,777

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

None

(Changes in Accounting Policies)

(Application of accounting standards for retirement benefits)

“Accounting Standards for Retirement Benefits” (Corporate Accounting Standards, No. 26, May 17, 2012, hereinafter referred to as “Retirement Benefits Accounting Standards”) and “Implementation Guidelines on Accounting Standards for Retirement Benefits” (Corporate Accounting Standards Implementation Guidelines No. 25, March 26, 2015, hereinafter referred to as “Retirement Benefits Implementation Guidelines”) have been applied in and after the current consolidated fiscal year regarding provisions set forth under the main clause in Paragraph 35 of the Retirement Benefits Accounting Standards and the main clause in Paragraph 67 of the Retirement Benefits Implementation Guidelines. Calculation methods for liabilities for retirement benefits and service expenses have been reviewed, period attribution methods for estimated retirement benefits have been changed from a straight-line attribution method to benefit formula standards, while methods for determining discount rates have also been changed from a method whereby a discount rate based on the number of years approximate to remaining average service periods of employees is used to a method whereby a single weighted average discount rate reflecting an amount for estimated payment periods for retirement benefits and each estimated payment period is used.

Application of the Retirement Benefits Accounting Standards is in accordance with the transitional treatment set forth under Paragraph 37 of the Retirement Benefits Accounting Standards and at the beginning of the current consolidated accounting period the amount of increase or decrease for liabilities for retirement benefits and service expenses was adjusted for under retained earnings.

As a result, at the beginning of the current consolidated accounting period, liabilities for retirement benefits and deferred income taxes decreased 3,556 million yen and 1,244 million yen, respectively, and retained earnings increased 2,312 million yen.

The effects this change will have in the current consolidated accounting period on operating income, ordinary income, and income before income taxes and equity in earnings of affiliated companies are minor. Also to a negligible extent will the change affect per-share net worth or per-share net income.

(Changes in Presentation Methods for Consolidated Financial Statements)

(Consolidated Balance Sheet)

In the previous year’s consolidated financial statements “Electronically recorded monetary claims” was included in “Notes and accounts receivable-trade” under “Current assets”; however, the account was given an independent account heading in and after the current consolidated fiscal year because of its important amount. To reflect such change certain reclassifications were made to the previous year’s financial statements.

As a result, the amount of 135,358 million yen that was recorded in “Notes and accounts receivable-trade” under “Current assets” in the previous consolidated fiscal year’s consolidated balance sheet was reclassified to “Notes and account receivable-trade” in the amount of 135,262 million yen and to “Electronically recorded monetary claims” in the amount of 95 million yen.

(Consolidated Statement of Operation)

In the previous year’s consolidated statement of operation “Lawsuit-related expenses” had an independent account heading. However, because its amount decreased to less than 10/100 of the total sum of non-operating expenses it has been included under “Other” in the current year’s statement. To reflect these changes in the methods of presentation, the Company has reclassified relevant accounts in the consolidated statement of operation of the previous fiscal year.

As a result, 997 million yen presented as “Lawsuit-related expenses” and 3,551 million yen presented as “Other,” both under non-operating expenses in the previous year’s consolidated statement of operation, have both been reclassified to “Other” (4,549 million yen) under the same non-operating expenses.

(Consolidated Balance Sheet)

\*1 Notes on non-consolidated subsidiaries and affiliates are as follows.

(In million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Investment securities (stock)	15,539	16,734

\*2 Reductions of value due to government subsidies received are as follows. These reductions of value are reflected on the Consolidated Balance Sheet.

(In million yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Buildings and structures	528	477
Machinery, equipment and vehicles	414	328
Land	798	798
Other	5	3
Total	1,747	1,608

Contingent liabilities

(Launch of arbitration proceedings related to compensation for damages)

NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), a consolidated subsidiary, has been involved in arbitration proceedings since November 2012. One automotive customer submitted a claim to arbitration and requested payment to the amount of 57,774 thousand dollars (6,942 million yen equivalent at the rate of the end of the current consolidated fiscal year) for damages due to allegedly defective products provided by NTN-SNR. With subsequent arbitration proceedings, the claim for damages has been revised to 9,287 million yen (equivalent at the rate of the end of the current consolidated fiscal year), due to an increase in the number of allegedly defective bearings.

We continue presenting counterarguments appropriately. Depending on the results of the arbitration, the results of operations of the Company and its consolidated subsidiaries could be affected. However, it is currently difficult to make reasonable estimates of the future possible effects on the results of operations and financial position of the Company and its consolidated subsidiaries.

(Consolidated Statement of Operation)

\*1 Major items and amounts under "Selling, general and administrative expenses" were as follows.

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Salaries and benefit	28,148	31,299
Freight	12,947	14,577
Research and development	10,363	10,711
Rent expenses	2,754	3,067
Depreciation and amortization	2,192	2,429
Retirement benefits expenses	2,047	1,800

\*2 Total research and development expense included in general and administrative expense and current manufacturing costs

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
	17,820	18,088

\*3 In the current consolidated fiscal year, 4,287 million yen was recorded as extraordinary income as a gain on sale of fixed assets. This included 3,981 million yen in gains on the sale of building sites following the closure of Takarazuka Works and 305 million yen of other gains.



\*4 In August 2014, the National Development and Reform Commission of China made a decision to impose on the Company a monetary penalty of 119,160 thousand RMB on charges of violating the Anti-Monopoly Act of China in connection with trading of bearings in China. The Company recorded 2,094 million yen as a loss related to Anti-Monopoly Act under extraordinary losses in the current consolidated accounting period. In the previous consolidated accounting period, the relevant subsidiaries and the Company, as parent company of the subsidiaries, received a decision from the European Commission to the effect that the European Commission imposes fines of 201,354 thousand euros (yen equivalent of 27,023 million yen at the average rate during the previous consolidated fiscal year) on an allegation that our European consolidated subsidiaries, including NTN-SNR ROULEMENTS (France), violated the EU Competition Law in connection with automobile bearing business in Europe. The Company included such amount in extraordinary loss for the previous consolidated fiscal year. The European Commission's decision was adopted following settlement procedures under EU competition law. Following this notification, the Company included such amount in extraordinary loss for the previous consolidated accounting period as a loss related to Anti-Monopoly Act.

\*5 The NTN Group carries out grouping of assets. With regard to manufacturing assets, any plants etc. coming under managerial accounting business classifications are deemed to be the smallest unit creating cash flow. With regard to Head Office and business-use assets are deemed to be shared assets.

In the case of the assets shown in the following table, there is no prospect for future use in the current consolidated accounting period and the previous consolidated accounting period and no possibility of recovery is found for the estimated period of future cash flows. For these reasons, 2,013 million yen was recorded under extraordinary loss as an impairment loss in the previous consolidated accounting period. The recoverable amount has been measured using the net possible sale value or the use value. Assets where sale or alternative use is deemed to be unlikely have been given a value of 0.

Location	Applications	Type of asset	Impairment loss(million yen)
			Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)
Japan	Manufacturing facilities	Machinery and equipment	167
		Construction in progress	453
	Welfare facilities	Buildings and structures	52
Land		14	
Other		0	
Americas	Manufacturing facilities	Machinery and equipment	1,040
		Construction in progress	184
		Other	100
Total			2,013

\*6 In the previous consolidated fiscal year, an extraordinary loss of 1,600 million yen was recorded to provide a reserve for loss on supporting affiliated companies, on the grounds that an affiliated company in the Americas received a notice requiring payment of administrative charges levied based on suspicion of involvement in the past fiscal years in incorrect import procedures, and thus, the liabilities of such affiliated company exceeded its assets.

\*7 Reorganization expenses of 1,420 million yen were recorded as an extraordinary loss in the previous consolidated accounting period. This is an expense (including Loss on impairment of fixed assets of 183 million yen) associated with the production reorganization, etc. of consolidated companies.

\*8 Structural reform expenses of 301 million yen were recorded as an extraordinary loss in the previous consolidated accounting period. This is an expense associated with the implementation of the early retirement system.

\*9 In the previous consolidated fiscal year, 35 million yen was recorded under extraordinary losses as provision for surcharge payments under the Anti-monopoly Act. This was an estimate of the losses expected to occur in relation to an investigation by the Competition Commission of Singapore on suspicion that the Company and its consolidated subsidiary in Singapore violated the Singapore Competition Act.

## (Matters Related to Consolidated Statement of Comprehensive Income)

\* Reclassification adjustment and tax effect on other comprehensive income

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Net unrealized holding gain on other securities:		
Amount arising in current fiscal year	5,676	8,837
Reclassification adjustment	-1,272	—
Before tax effect adjustment	4,404	8,837
Tax effect	-1,541	-2,349
Net unrealized holding gain on other securities	2,862	6,488
Translation adjustments:		
Amount arising in current fiscal year	15,378	17,513
Reclassification adjustment	—	—
Before tax effect adjustment	15,378	17,513
Tax effect	—	—
Translation adjustments	15,378	17,513
Accrued retirement benefits adjustments:		
Amount arising in current fiscal year	2,295	-2,223
Reclassification adjustment	718	1,888
Before tax effect adjustment	3,014	-335
Tax effect	-1,192	51
Accrued retirement benefits adjustments	1,821	-283
Equity in equity-method affiliates:		
Amount arising in current fiscal year	1,980	1,023
Total other comprehensive income	22,042	24,741

## (Consolidated Statements of Changes in Shareholders' Equity)

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

## 1. Type and total number of shares issued and outstanding and Treasury stock

	Number of shares as of April 1, 2013 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2014 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	—	—	532,463
Total	532,463	—	—	532,463
Treasury stock				
Common stock*	576	44	1	619
Total	576	44	1	619

(Note) The 44,000 share increase in common stock under "treasury stock" consists of purchases of shares constituting less than one unit, and 1,000 share decrease results from demands for the sale of shares less than one unit.

## 2. Equity warrant and subscription right to treasury stock

N.A.

## 3. Dividends

(1) Dividend paid

N.A.

(2) Among the dividends for which the record date falls within the current consolidated accounting period under review, the portion of the dividend for which the effective date falls in the next consolidated accounting period

(Date of approval)	Type of share	Total dividend paid (million yen)	Dividend source	Dividend per share (yen)	Record date	Payable date
Annual general meeting of share holders on June 25, 2014	Common stock	1,063	Retained earnings	2.0	March 31, 2014	June 26, 2014

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

1. Type and total number of shares issued and outstanding and Treasury stock

	Number of shares as of April 1, 2014 (thousand shares))	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2015 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	—	—	532,463
Total	532,463	—	—	532,463
Treasury stock				
Common stock *	619	51	0	670
Total	619	51	0	670

\*Note: The 51,000 share increase in common stock under "treasury stock" represents purchases of shares constituting less than one unit, and the 0,000 share decrease consists of shares resulting from demands for the sale of shares less than one unit.

2. Equity warrant and subscription right to treasury stock

N.A.

3. Dividends

(1) Dividend paid

(Date of approval)	Type of share	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Payable date
Annual general meeting of shareholders on June 25, 2014	Common stock	1,063	2.0	March 31, 2014	June 26, 2014
October 31, 2014 Board of Directors	Common stock	1,329	2.5	September 30, 2014	December 5, 2014

(2) Among the dividends for which the record date falls within the current consolidated accounting period under review, the portion of the dividend for which the effective date falls in the next consolidated accounting period

(Scheduled date of resolution)	Type of share	Total dividend paid (million yen)	Dividend source	Dividend per share (yen)	Record date	Payable date
Annual general meeting of shareholders on June 24, 2015	Common stock	1,861	Retained earnings	3.5	March 31, 2015	June 25, 2015

(Cash flows)

\* Reconciliation of the amounts of cash and cash equivalents at end of the year stated in Consolidated Statements of Cash Flows to the amounts of accounts stated in Consolidated Balance Sheets

(In million yen)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Cash and bank deposits	85,746	69,094
Securities	36,000	10,000
Short-term loans receivable	10,028	10,020
Time deposits with original maturities of more than three months	-1,076	-1,320
Securities, excluding repurchase agreements	-1,000	—
Short-term loans receivable, excluding repurchase agreements	-28	-17
Cash and cash equivalents	129,670	87,777

(Segment Information, etc.)

[Segment information]

1. Description of reporting segments

It is possible to acquire financial information for the separate components making up the Company, and the Company's highest decision-making body (the Board of Directors) carries out regular investigations into the Company's reporting segments in order to decide the allocation of management resources and to assess results.

The Group's main business is the manufacturing and sale of bearings, constant velocity joints and precision equipment for aftermarket applications, industrial machinery applications, and automotive applications. Business activities in Japan are controlled by the Company (Head Office) and overseas, the activities of each region are controlled by the general managers' department allocated to each region. Overseas subsidiaries in each region formulate independent business strategies and business plans and develop business activities while analyzing profitability and investment efficiency.

Accordingly, the NTN Group consists of the Head Office and business segments in different regions based on general managers' offices. Its four reporting segments are "Japan", "Americas", "Europe" and "Asia and other areas". Each segment carries out the manufacture and sale of bearings, constant velocity joints and precision equipment.

2. Methods used to calculate and report sales, income or losses, assets, liabilities and other items for each reporting segment

The business segment accounting methods for each reporting segment are the same methods as those used in the consolidated financial statements. "Inter-segment sales or transfers" is calculated based on prevailing market prices.

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

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

(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	190,818	167,899	175,423	104,829	638,970	—	638,970
Inter-segment sales or transfers	132,763	3,943	6,927	8,976	152,611	(152,611)	—
Total	323,582	171,843	182,350	113,806	791,581	(152,611)	638,970
Segment income (Operating income)	25,593	2,644	2,139	4,405	34,783	(1,779)	33,003
Segment assets	487,758	164,059	171,366	145,869	969,054	(121,016)	848,037
Segment liabilities	385,748	124,917	125,811	54,988	691,466	(56,797)	634,668
Other items							
Depreciation and amortization	17,012	9,338	7,141	5,823	39,315	—	39,315
Increase in tangible and intangible fixed assets	9,684	9,648	7,302	8,374	35,010	(4)	35,005

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions with the exception of segment assets.

Adjustments under "segment assets" is made up of inter-segment eliminations of -222,459 million yen and company-wide assets not allocated to specific segments of 101,443 million yen (major items include operating capital (deposits and marketable securities), and long-term investment capital (marketable investment securities) etc.).

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

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(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	205,779	193,409	181,642	121,068	701,900	—	701,900
Inter-segment sales or transfers	137,535	5,502	5,564	11,856	160,458	(160,458)	—
Total	343,315	198,912	187,206	132,925	862,359	(160,458)	701,900
Segment income (Operating income)	27,557	1,410	3,700	10,081	42,749	1,100	43,850
Segment assets	538,515	188,125	140,606	177,295	1,044,542	(188,265)	856,277
Segment liabilities	373,038	138,155	84,646	62,928	658,768	(65,050)	593,717
Other items							
Depreciation and amortization	15,708	10,379	7,277	7,026	40,391	—	40,391
Increase in tangible and intangible fixed assets	12,956	5,186	6,071	11,886	36,101	(189)	35,911

Notes: 1. "Adjustments" refers to elimination of all inter-segment transactions with the exception of segment assets.

Adjustments under "segment assets" is made up of inter-segment eliminations of -258,544 million yen and company-wide assets not allocated to specific segments of 70,279 million yen (major items include operating capital (deposits and marketable securities), and long-term investment capital (marketable investment securities) etc.).

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

[Related information]

Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)

1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	103,844	101,181	433,944	638,970

(Note) "Net sales to external customers" refers to sales in each product category based on similarity with sales markets.

2. Geographic information

(1) Net Sales

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
179,081	174,566	166,279	119,043	638,970

Notes: 1. Net sales are classified according to country or region based on the location of customers.

2. Major countries or regions in each reporting 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. Of the sales classified as net sales to the Americas, sales to the United States accounted for 149,676 million yen.

## (2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
117,027	79,148	52,285	60,930	309,390

- Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 72,556 million yen.  
 2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 40,042 million yen.  
 3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 46,812 million yen.

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

## 1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Net sales to external customers	112,433	108,993	480,473	701,900

(Note) "Net sales to external customers" refers to sales in each product category based on similarity with sales markets.

## 2. Geographic information

## (1) Net Sales

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
191,460	202,561	171,217	136,661	701,900

- Notes: 1. Net sales are classified according to country or region based on the location of customers.  
 2. Major countries or regions in each reporting 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. Of the sales classified as net sales to the Americas, sales to the United States accounted for 174,391 million yen.

## (2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
111,639	85,242	46,307	72,863	316,052

- Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 77,889 million yen.  
 2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 35,565 million yen.  
 3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 57,142 million yen.

[Information related to impairment loss on fixed assets by reporting segment]

Previous consolidated accounting period (April 1, 2013 to March 31, 2014)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	688	1,325	183	—	—	2,197

Current consolidated accounting period (April 1, 2014 – March 31, 2015)

N.A

(Per share data)

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Net assets per share (yen)	374.68	461.21
Net income per share or net loss (-) per share	-27.54	43.91

(Notes) 1. Diluted net income per share in the current consolidated accounting period is not reported because no residual securities existed. Diluted net income per share in the previous consolidated accounting period was not reported because there was a net loss per share and because no residual securities existed.

2. The basic methods for calculating net income per share and net loss per share were as follows.

	Year ended March 31, 2014 (April 1, 2013 - March 31, 2014)	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)
Net income or net loss (-) in consolidated balance sheets (million yen)	-14,648	23,352
Net income available for common stock (million yen)	—	—
Net loss income or net loss (-) per share of common stock (in million yen)	-14,648	23,352
Average number of shares during the period (thousand shares)	531,868	531,821

(Significant Subsequent Events)

N.A

(Additional information)

1. Lawsuits and related matters

(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 Anti-Monopoly 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 are greatly different from the Company’s view of the facts, in April 2013, the Company appealed the JFTC orders. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. The Company paid provisionally the surcharge in full before the deadline of payment to avoid a risk of overdue charges. In addition, a criminal trial was commenced in December 2013, and we were presenting a defense of the Company during the trial, but on February 4, 2015, NTN was sentenced to a penalty of 400 million yen by Tokyo District Court for violation of the Anti-Monopoly Act of Japan with respect to the domestic sales of bearings. In addition, two former executives of NTN were sentenced to 18 months and 12 months in prison, respectively, with a stay of execution for 3 years. In response, the Company has appealed against such judgment and the criminal case is still pending at the Tokyo High Court.

In March 2014, the relevant subsidiaries and the Company, as parent company of the subsidiaries, received a decision from the European Commission to the effect that the European Commission imposes fines of 201,354 thousand euros (yen equivalent of 27,023 million yen at the average rate during the previous consolidated fiscal year) on an allegation that our European consolidated subsidiaries, including NTN-SNR ROULEMENTS (France), violated the EU Competition Law in connection with automobile bearing business in Europe. The Company included such amount in extraordinary loss for the previous consolidated fiscal year. The European Commission’s decision was adopted following settlement procedures under EU competition law. The fines were paid in full in June 2014.

In May 2014, the Company and its consolidated subsidiary in Singapore received a decision from the Competition Commission of Singapore to the effect that it imposes fines of 455 thousand Singapore dollars (yen equivalent of 38 million yen at the average rate during the nine months of the current consolidated fiscal year) on suspicion of having violated the Competition Law in relation to transactions of bearings with customers in Singapore. The fines were paid in full in July 2014. The Company estimated a loss expected to occur in the future and included 35 million yen in extraordinary loss for the former consolidated fiscal year.

In August 2014, the National Development and Reform Commission of China made a decision to impose on the Company a monetary penalty of 119,160 thousand RMB on charges of violating the Anti-Monopoly



Act of China in connection with trading of bearings in China. The Company paid the fines in full in September 2014. In the financial statements for the current consolidated fiscal year the Company entered 2,094 million yen in "Extraordinary loss" as a loss related to the anti-monopoly laws.

In November 2011, our consolidated U.S. subsidiaries received subpoenas from the Antitrust Division of the United States Department of Justice(DOJ) demanding information relating to trading of bearings. The subsidiaries rendered all possible cooperation, when in March 2015, the Company and the subsidiaries received notification from the DOJ that they are no longer subjects of its grand jury investigation into the activities of companies in the bearing industry.

There are ongoing investigations by the authorities into our consolidated subsidiaries in South Korea and elsewhere.

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

## 2. Correction of the amount of deferred income taxes and deferred tax liabilities due to changes in tax rates of corporate income taxes

The "Act for Partial Amendment of the Income Tax Act" (Law No. 9, 2015) and "Act for Partial Amendment of Local Tax Act" (Law No. 2, 2015) were promulgated on March 31, 2015, and corporate tax will be reduced from the consolidated accounting period starting on April 1, 2015. Following this, the legal effective tax rates used for calculation of deferred income tax and deferred tax liabilities have been changed from 35.0% for the previous consolidated period to 32.4% in regard to the temporary difference expected to be removed in the consolidated accounting period starting on April 1, 2015, and 31.5% in regard to the temporary difference expected to be removed in the consolidated accounting period starting on April 1, 2016.

As a result, the amount of deferred income tax (the amount obtained by deducting the amount of deferred tax liabilities) decreased by 981 million yen, the income tax adjustments reported in the current consolidated accounting period increased by 1,528 million yen, and net unrealized holding gain on other securities increased by 744 million yen, while accumulated accrued retirement benefits adjustments decreased by 197 million yen.

### 3. Explanatory Materials

#### 3.1. Consolidated Financial Results

(In million yen)

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	
Consolidated operating results (Lower: Net sales ratio)	Net sales	530,055 100.0%	543,468 100.0%	539,594 100.0%	638,970 100.0%	701,900 100.0%	
	Operating income	24,559 4.6%	20,723 3.8%	7,278 1.3%	33,003 5.2%	43,850 6.2%	
	Ordinary income	21,096 4.0%	18,691 3.4%	2,512 0.5%	28,670 4.5%	38,868 5.5%	
	Extraordinary loss	1,758 0.3%	-2,334 -0.4%	-16,409 -3.0%	-31,121 -4.9%	-1,805 -0.3%	
	Net income	14,399 2.7%	5,993 1.1%	-14,195 -2.6%	-14,648 -2.3%	23,352 3.3%	
Net sales by region (Lower: Net sales ratio)	Japan	186,595 35.2%	193,447 35.6%	177,472 32.9%	179,081 28.0%	191,460 27.3%	
	Americas	117,984 22.3%	124,643 22.9%	141,570 26.2%	174,566 27.3%	202,561 28.9%	
	Europe	132,813 25.1%	132,968 24.5%	124,751 23.1%	166,279 26.0%	171,217 24.4%	
	Asia and other areas	92,661 17.5%	92,408 17.0%	95,800 17.8%	119,043 18.6%	136,661 19.5%	
	Total	530,055 100.0%	543,468 100.0%	539,594 100.0%	638,970 100.0%	701,900 100.0%	
Net sales / Operating income by location	Japan	Net sales	319,622	334,483	315,932	323,582	343,315
		Operating income	8,009	8,146	9,837	25,593	27,557
		Operating margin	2.5%	2.4%	3.1%	7.9%	8.0%
	Americas	Net sales	114,491	121,133	138,477	171,843	198,912
		Operating income	2,909	588	-3,218	2,644	1,410
		Operating margin	2.5%	0.5%	-2.3%	1.5%	0.7%
	Europe	Net sales	143,992	143,745	136,544	182,350	187,206
		Operating income	5,956	4,551	-214	2,139	3,700
		Operating margin	4.1%	3.2%	-0.2%	1.2%	2.0%
	Asia and other areas	Net sales	82,573	82,416	85,762	113,806	132,925
		Operating income	6,807	5,158	713	4,405	10,081
		Operating margin	8.2%	6.3%	0.8%	3.9%	7.6%
	Deletion	Net sales	-130,624	-138,311	-137,122	-152,611	-160,458
		Operating income	876	2,278	159	-1,779	1,100
	Total	Net sales	530,055	543,468	539,594	638,970	701,900
Operating income		24,559	20,723	7,278	33,003	43,850	
Operating margin		4.6%	3.8%	1.3%	5.2%	6.2%	

(In million yen)

			FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	
Net sales / Operating income by business applications	Aftermarket	Net sales	86,196	93,960	89,222	103,844	112,433	
		Operating income	17,901	19,065	14,725	17,725	19,237	
		Operating margin	20.8%	20.3%	16.5%	17.1%	17.1%	
	Industrial machinery	Net sales	99,451	106,619	93,746	101,181	108,993	
		Operating income	3,111	4,838	1,534	3,279	6,261	
		Operating margin	3.1%	4.5%	1.6%	3.2%	5.7%	
	Automotive	Net sales	344,407	342,888	356,626	433,944	480,473	
		Operating income	3,546	-3,180	-8,981	11,999	18,351	
		Operating margin	1.0%	-0.9%	-2.5%	2.8%	3.8%	
	Total	Net sales	530,055	543,468	539,594	638,970	701,900	
		Operating income	24,559	20,723	7,278	33,003	43,850	
		Operating margin	4.6%	3.8%	1.3%	5.2%	6.2%	
Capital expenditures /Depreciation and amortization	Capital expenditures		29,700	54,440	48,979	33,162	31,266	
	Depreciation and amortization	Domestic	21,764	20,292	18,788	17,012	15,708	
		Overseas	14,171	13,883	16,052	22,302	24,683	
	Total		35,936	34,175	34,841	39,315	40,391	
R&D expenditures			15,697	17,156	16,174	17,820	18,088	
Ratio of R&D expenditures to net sales			3.0%	3.2%	3.0%	2.8%	2.6%	
Inventories			136,985	155,107	163,287	166,484	184,128	
Inventory turnover ratio (times)			3.9	3.5	3.3	3.8	3.8	
Interest- bearing debts	Loans		213,284	261,978	350,801	381,767	359,105	
	Bonds		10,000	10,000	10,000	—	—	
	Total		223,284	271,978	360,801	381,767	359,105	
Major management indicators	Ordinary income ratio to total assets		3.4%	2.8%	0.3%	3.5%	4.6%	
	Return on assets (ROA)		2.3%	0.9%	-1.9%	-1.8%	2.7%	
	Return on equity (ROE)		7.2%	3.0%	-7.2%	-7.3%	10.5%	
	Shareholder's equity ratio		31.6%	28.4%	26.0%	23.5%	28.6%	
	Net assets per share (yen)		376.05	370.19	375.84	374.68	461.21	
	Net income per share (yen)		27.08	11.27	-26.69	-27.54	43.91	
Employees	Domestic	(persons)	7,553	7,722	7,942	7,900	8,003	
	Overseas	(persons)	11,619	13,067	13,456	14,256	15,357	
	Total	(persons)	19,172	20,789	21,398	22,156	23,360	
Exchange rates	Average	Dollar	(yen)	85.74	79.08	82.91	100.17	109.76
		Euro	(yen)	113.13	109.02	106.78	134.21	138.69
	At year end	Dollar	(yen)	83.15	82.19	94.05	102.92	120.17
		Euro	(yen)	117.57	109.80	120.73	141.65	130.32

## 3.2. Non-consolidated Financial Results

(In million yen)

		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Non-consolidated operating results (Lower: Net sales ratio)	Net sales	322,382 100.0%	339,197 100.0%	318,406 100.0%	321,358 100.0%	337,995 100.0%
	Operating income	-2,052 -0.6%	-1,621 -0.5%	3,441 1.1%	15,456 4.8%	12,652 3.7%
	Ordinary income	1,717 0.5%	4,603 1.4%	8,800 2.8%	21,751 6.8%	18,869 5.6%
	Extraordinary loss	521 0.2%	-3,051 -0.9%	-23,817 -7.5%	-10,548 -3.3%	-969 -0.3%
	Net income	1,447 0.4%	-324 -0.1%	-14,502 -4.6%	5,001 1.6%	11,488 3.4%
Net sales by region (Lower: Net sales ratio)	Japan	184,316 57.2%	191,789 56.5%	175,081 55.0%	173,434 54.0%	185,059 54.8%
	Americas	43,852 13.6%	47,730 14.1%	53,803 16.9%	51,250 15.9%	56,088 16.6%
	Europe	38,290 11.9%	38,882 11.5%	33,167 10.4%	39,683 12.3%	36,691 10.9%
	Asia and other areas	55,923 17.3%	60,795 17.9%	56,354 17.7%	56,989 17.7%	60,156 17.8%
	Total	322,382 100.0%	339,197 100.0%	318,406 100.0%	321,358 100.0%	337,995 100.0%
Capital expenditures		6,755	8,997	5,221	4,761	6,995
Depreciation and amortization		13,847	12,900	11,166	9,748	8,826
R&D expenditures		12,087	13,234	12,122	12,621	12,451
Ratio of R&D expenditures to net sales		3.7%	3.9%	3.8%	3.9%	3.7%
Inventories		43,991	46,480	42,058	41,064	44,158
Inventory turnover ratio (times)		7.3	7.3	7.6	7.8	7.7
Interest-bearing debts	Loans	124,300	153,100	195,700	218,900	217,100
	Bonds	10,000	10,000	10,000	—	—
	Total	134,300	163,100	205,700	218,900	217,100
Major management indicators	Ordinary income ratio to total assets	0.4%	1.0%	1.8%	4.3%	3.5%
	Return on assets (ROA)	0.3%	-0.1%	-3.0%	1.0%	2.1%
	Return on equity (ROE)	0.8%	-0.2%	-9.0%	3.2%	6.8%
	Shareholder's equity ratio	38.5%	34.6%	30.7%	30.6%	32.0%
	Net assets per share (yen)	324.28	316.05	287.25	301.98	335.00
	Net income per share (yen)	2.72	-0.61	-27.27	9.40	21.60
Employees (persons)		5,421	5,457	5,450	5,050	5,062