Financial Results For the Year Ended March 31, 2016
[Japanese Accounting Standards] (Consolidated)
(Unaudited)

May 13, 2016

NTN Corporation
Security Code: 6472
Listings: Tokyo Stock Exchange
URL: http://www.ntn.co.jp
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Telephone: +81-6-6443-5001
Scheduled date of annual shareholders' meeting: June 24, 2016
Scheduled commencement date of dividend payment: June 27, 2016
Scheduled submission date of financial statements: June 27, 2016
Supplementary material of the financial results: Prepared
Investor meeting: Scheduled

1. Consolidated Financial Results for the Year Ended March 31, 2016
(April 1, 2015 to March 31, 2016)

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

(1) Operating Results

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders (parent company)	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 31, 2016	716,996	2.2	47,770	8.9	38,211	-1.7	15,037	-35.6
Year ended March 31, 2015	701,900	9.8	43,850	32.9	38,868	35.6	23,352	—

Note: comprehensive income: Year ended March 31, 2016: -8,965 million yen (-%)
Year ended March 31, 2015: 48,760 million yen (512.5%)

	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, 2016	28.28	—	6.3	4.6	6.7
Year ended March 31, 2015	43.91	—	10.5	4.6	6.2

Note: Equity method investment gains or losses: Year ended March 31, 2016: 800 million yen
Year ended March 31, 2015: 986 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, 2016	794,650	248,504	29.2	436.97
Year ended March 31, 2015	856,277	262,559	28.6	461.21

Note: Shareholders' equity: Year ended March 31, 2016: 232,322 million yen
Year ended March 31, 2015: 245,270 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, 2016	46,247	-33,770	-27,958	67,310
Year ended March 31, 2015	25,120	-31,293	-37,492	87,777

2. Dividends

	Dividends per share					Total dividends paid (full year)	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	million yen	%	%
Year ended March 31, 2015	―	2.50	―	3.50	6.00	3,190	13.7	1.4
Year ended March 31, 2016	―	5.00	―	5.00	10.00	5,317	35.4	2.2
Year ended March 31, 2017 (forecast)	―	6.00	―	6.00	12.00		39.9	

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(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)	337,000	-6.6	15,000	-39.6	11,000	-38.9	6,000	-42.3	11.29
Full year	690,000	-3.8	35,000	-26.7	27,000	-29.3	16,000	6.4	30.09

*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: Changed
3) Changes in accounting estimates: Changed
4) Retrospective restatements: None

(Note) For details see page 21 of the attached document "5. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements."

(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, 2016: 532,463,527 shares
Year ended March 31, 2015: 532,463,527 shares

2) Number of treasury stock at end of the period:
Year ended March 31, 2016: 795,969 shares
Year ended March 31, 2015: 670,098 shares

3) Average number of shares outstanding:
Year ended March 31, 2016: 531,762,193 shares
Year ended March 31, 2015: 531,821,433 shares

Reference: Overview of Financial Results on Non-Consolidated basis
For the Year Ended March 31, 2016 – Non-consolidated
1. Financial Results for the Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)
(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, 2016	335,544	-0.7	9,110	-28.0	19,593	3.8	12,864	12.0
Year ended March 31, 2015	337,995	5.2	12,652	-18.1	18,869	-13.2	11,488	129.7

	Net income per share	Diluted net income per share
	yen	yen
Year ended March 31, 2016	24.19	—
Year ended March 31, 2015	21.60	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Year ended March 31, 2016	543,002	180,452	33.2	339.41
Year ended March 31, 2015	556,785	178,148	32.0	335.00

Note: Shareholders' equity Year ended March 31, 2016: 180,452 million yen
Year ended March 31, 2015: 178,148 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 consolidated 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 Year Ending March 31, 2017)" from page 4.

[Contents of the Attached Documents]

1. Operating Results and Analysis of Financial Position

(1) Analysis of Operating Results

During the fiscal year under review, the Japanese economy saw a continued moderate recovery reflecting improvement of employment and income environment, coupled with effects of various government policies, although weakness was confirmed in some areas. Looking at overseas economy, the U.S. economy continued recovering and the European economy also showed a moderate recovery despite a somewhat weak tone seen in some area, while economic conditions in China and other emerging countries further slowed down.

In this environment, under the three-year Medium-term Management Plan “NTN 100” started in April last year, NTN Group aims to transform and build a foundation toward “Our Vision” in a bid to mark the 100th anniversary in March 2018 and achieve sustainable growth for the next 100 years. Through these efforts, we are now promoting various initiatives, with three basic policies of “Manage Growth” where management resources (persons, materials, and cash) are concentrated in priority areas, “Manage Profitability” where we reform our business structure from volume to value to generate profit, and “Manage Foundation” where our management and financial foundations are strengthened.

The Group's net sales for the period were 716,996 million yen (a year-on-year increase of 2.2%). In terms of income, operating income was 47,770 million yen (a year-on-year increase of 8.9%) and ordinary income was 38,211 million yen (a year-on-year decrease of 1.7%). In terms of extraordinary income, the Group posted 2,880 million yen in gain from the sale of fixed assets and 1,552 million yen in changes in equity earnings. In terms of extraordinary losses, the Group posted 13,013 million yen in loss associated with the arbitration award (see Note) and 2,687 million yen in impairment loss. As a result, net income attributable to shareholder (parent company) was 15,037 million yen (a year-on-year decrease of 35.6%).

Note: In November 2015, NTN-SNR ROULEMENTS, our consolidated subsidiary, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. Due to this, we have recorded losses.

We thoroughly examined the award and decided that there was a flaw in such arbitration proceedings. Therefore, we challenged the award in the Stockholm District Court in February 2016.

Sales by geographical segment were as follows:

(1) Japan

Sales in aftermarket applications increased in industrial machinery aftermarket applications in Japan but exports fell, and generally sales were on a par with the previous year. Sales in industrial machinery applications decreased primarily in construction machinery and other products. However, sales in automotive applications increased reflecting an increase of customer demand and other factors. Overall, net sales were 337,685 million yen (down 1.6% year on year), and the segment income decreased to 24,149 million yen (down 12.4% year on year).

(2) Americas

Sales in aftermarket applications decreased in industrial machinery aftermarket applications. Sales in industrial machinery applications fell mainly in products for use in construction machinery. Sales in automotive applications increased backed by an increase of customer demand and other factors. Overall, net sales were 208,378 million yen (up 4.8% year on year) thanks partly to the effects of favorable exchange rates. The segment income was 5,774 million yen (up 309.5% year on year) due principally to effects of slash in proportional cost.

(3) Europe

Sales in aftermarket applications increased reflecting an increase of customer demand and other factors of automotive aftermarket applications. Sales in industrial machinery applications increased in products for wind turbines, aircraft and other applications. And also, sales in automotive applications rose reflecting an increase of customer demand and other factors. As a whole, net sales were 183,548 million yen (down 2.0% year on year) due partly to negative exchange rates. The segment income amounted to 3,100 million yen (down 16.2% year on year) backed mainly by effects of increased sales.

(4) Asia and other areas

Sales in aftermarket applications grew mainly reflecting expansion of customer demand for industrial machinery aftermarket applications primarily in the ASEAN region. Sales of products for industrial machinery applications such as for wind turbines increased, but there were lower sales mainly for products for use in construction machinery. Overall, sales fell. Sales grew due to mass production for new projects in automotive applications in China and due to growing customer demand there. Overall, net sales were 148,159 million yen (up 11.5% year on year) thanks partly to favorable exchange rates. The segment income amounted to 12,619 million yen (up 25.2% year on year) supported by effects of increased sales and slash in proportional cost.

Oprating results by business application are as follows.

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

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016) (In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Sales to external customers	113,628	104,109	499,258	716,996
Operating income	17,702	5,618	24,448	47,770

(1) Aftermarket applications

Due to the acquisition of new demand, an expansion of customer demand and the effects of exchange rates, sales were 113,628 million (up 1.1% year-on-year). However, operating income was 17,702 million (down 8.0% year-on-year).

(2) Industrial machinery applications

Though there was increased customer demand for using products in applications such as for wind turbines, there were lower sales of products for construction machinery, sales were 104,109 million yen (down 4.5% year-on-year). Operating income was 5,618 million (down 10.3% year-on-year).

(3) Automotive applications

Due to expansion of customer demand in China and Europe, and also due to the effect of exchange rates, sales were 499,258 million (up 3.9% year-on-year). Operating income, affected by increased sales, a reduction of variable costs and the effect of exchange rates, totaled 24,448 million (up 33.2% year-on-year).

(Forecast for the Year Ending March 31, 2017)

Looking at the world economy, the slowdown in emerging countries centering on China will have ripple effects on the U.S. and Europe. It is expected that uncertainties about the future of the Japanese economy will remain, due to factors such as the slowdown of the world economy.

Under such circumstances, as our full-year earnings forecast we expect to see sales of 690 billion yen, operating income of 35 billion yen, ordinary income of 27 billion yen, and net income attributable to shareholders (parent company) of 16 billion yen. We are assuming exchange rates of ¥105/US$1.00 and ¥120/EUR1.00.

In addition, our consolidated subsidiaries in places such as South Korea have undergone examinations by the authorities with regards to the Competition Law. A number of civil lawsuits (class actions) have been filed in the United States and Canada against the Company and its consolidated subsidiaries in the United States and Canada.Furthermore, litigation has been filed against the Company in association with a violation of the European Competition Law. Because it is difficult at the moment to predict whether there will be any impact from these cases on the results of our operations and financial condition, they have not been factored in to the above forecast.

In addition, as the second year of the Medium-term Management Plan, "NTN100," we are deploying various measures (for details, please see “(1) Progress of three-year Medium-term Management Plan ‘NTN 100’” in “(4) Management Issues to be Addressed” in “3. Management policy” on page 10 of the attached documents). However, amid large changes in the external environment, such as foreign exchange rates and economic trends, we are considering taking reform measures such as restructuring production. Because it is difficult at the moment to assess their impact, they have not been factored in to the above forecast.

(2) Analysis of Financial Position

(Assets, Liabilities, and Net assets)

Total current assets at March 31, 2016 amounted to 422,293 million yen, a year-on year decrease of 38,686 million yen (or 8.4%). Major factors included a 10,342 million yen decrease in notes and account receivables, an 8,000 million yen decrease in securities, a 7,017 million yen decrease in short term loans receivable, a 5,861 million yen decrease in cash and bank deposits, a 5,093 decrease in raw materials & supplies, and a 2,135 decrease in deferred income taxes. Total fixed assets at the fiscal year-end amounted to 372,357 million yen, a decrease of 22,940 million yen (or 5.8%) against the end of the previous fiscal year. Major factors included a decrease of 19,651 million yen in property, plant and equipment, a decrease of 7,683 million yen in investment securities, and an increase of 3,071 million yen in deferred income taxes. As a result, total assets amounted to 794,650 million yen, a year-on-year decrease of 61,627 million yen (or 7.2%).

Current liabilities were 288,771 million yen, a year-on-year decrease of 12,758 million yen (or 4.2%). Major factors included a decrease of 5,844 million yen in notes and accounts payable-trade, and a decrease of 3,682 million yen in income taxes payable. Total long-term liabilities amounted to 257,374 million yen, a year-on-year decrease of 34,814 million yen (or 11.9%). This was mainly due to a 36,067 million yen decrease in long-term loans payable, and a 2,060 million yen increase in liabilities for retirement benefits. As a result, total liabilities were 546,145 million yen, a year-on-year decrease of 47,572 million yen (or 8.0%).

Total net assets were 248,504 million yen, a year-on-year decrease of 14,055 million yen (or 5.4%). Major factors included a decrease of 16,437 million yen in translation adjustments, a decrease of 6,008 million yen in net unrealized holding gain on securities, a decrease of 1,106 million yen in non-controlling shareholders’ interest, and an increase of 10,517 million yen in retained earnings.

(Cash Flows)

Net cash provided by operating activities was 46,247 million yen (a year-on-year increase of 21,127 million yen, or 84.1%). Major items included proceeds of 38,277 million yen from depreciation and amortization, and 26,942 million yen from net income before adjustments of income taxes and minority interests. In contrast to these items, payments included disbursement of 14,440 million yen for payment of income taxes and a decrease of 5,407 million yen for trade payables.

Net cash used in investment activities was 33,770 million yen (a year-on-year increase of 2,477 million yen, or 7.9%). This was mainly due to expenditure of 34,441 million yen in the purchase of property, plant and equipment.

Net cash used in financing activities was 27,958 million yen (a year-on-year decrease of 9,534 million yen, or 25.4%). Major factors included expenditure of 45,039 million yen in the repayment of long-term loans and a net reduction of 19,529 million yen in short-term loans, compared to 37,297 million yen in proceeds from long-term loans.

After adding an increase of 172 million yen in translation adjustments and a decrease of 4,813 million yen in cash and cash equivalents due to eliminating companies from the scope of consolidation to the above changes, cash and cash equivalents as of the end of the current fiscal year were 67,310 million yen, a decrease of 20,466 million yen (or 23.3%) from the previous consolidated fiscal year end.

(Reference) Cash flow indicators

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2016
Shareholders' equity ratio (%)	26.0	23.5	28.6	29.2
Shareholders' equity ratio based on current market value (%)	17.0	22.0	39.6	24.0
Cash flows to interest-bearing debt ratio (annual)	17.6	5.5	14.3	7.0
Interest coverage ratio (times)	5.2	14.1	5.4	9.7

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 5.0 yen per share. When added to the interim dividend (5.0 yen per share), it is forecast that for the year as a whole total dividends will be 10 yen per share. It is forecast that dividends for the following fiscal year will be 12 yen per share for the year as a whole (interim dividends of 6 yen and year-end dividends of 6 yen).

2. The Group Overview

The NTN Group consists of NTN Corporation (the Company), 77 subsidiaries, and 18 affiliated companies (as of March 31, 2016). 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.

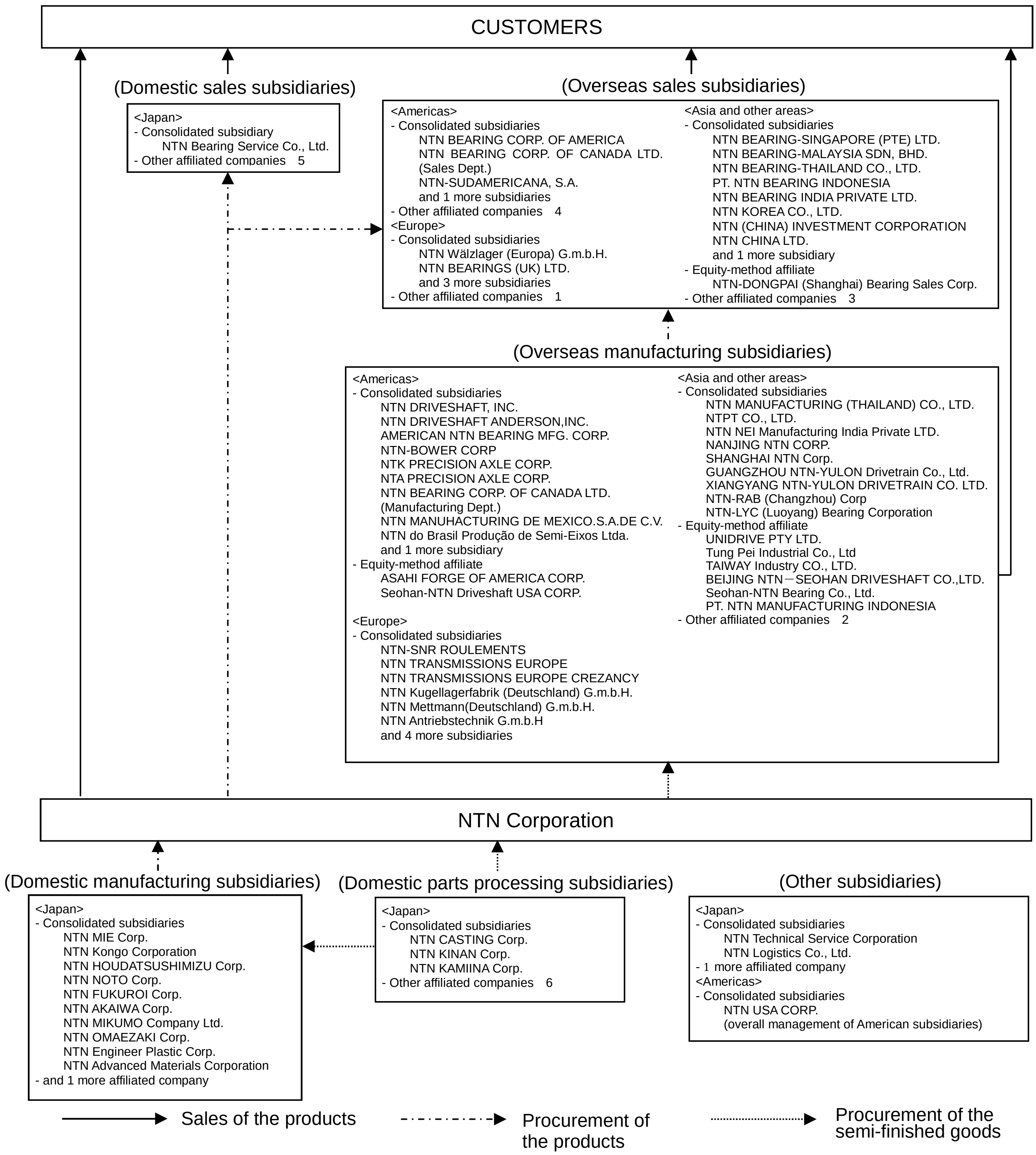
Accordingly, the NTN Group consists of the Head Office and business segments in different regions based on general managers' departments. Its four reporting segments are "Japan," "Americas," "Europe" and "Asia and other areas."

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 are mainly handled by the Company, but are 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.

In this regard, we established NTN DRIVESHAFT ANDERSON, INC. in July 2015 and made it our consolidated subsidiary. In addition, Nippon Kagaku Yakin Co., which was a consolidated subsidiary, was extinguished through an absorption-type merger with a surviving company of NTN Powder Metal Corporation in December 2015, and the company name of NTN Powder Metal Corporation, the surviving company, was changed to NTN Advanced Materials Corporation.

In addition, PT.NTN MANUFACTURING INDONESIA, which was a consolidated subsidiary of the Company, carried out a third-party allocation of new shares in January 2016 and our ownership ratio lowered. Thus, we made it an equity method affiliate, and changed its company name to PT.TPI MANUFACTURING INDONESIA.


CUSTOMERS
(Domestic sales subsidiaries)
<Japan>
- Consolidated subsidiary
NTN Bearing Service Co., Ltd.
- Other affiliated companies 5
(Overseas sales subsidiaries)
<Americas>
- Consolidated subsidiaries
NTN BEARING CORP. OF AMERICA
NTN BEARING CORP. OF CANADA LTD.
(Sales Dept.)
NTN-SUDAMERICANA, S.A.
and 1 more subsidiaries
- Other affiliated companies 4
<Europe>
- Consolidated subsidiaries
NTN Wälzlager (Europa) G.m.b.H.
NTN BEARINGS (UK) LTD.
and 3 more subsidiaries
- Other affiliated companies 1
<Asia and other areas>
- Consolidated subsidiaries
NTN BEARING-SINGAPORE (PTE) LTD.
NTN BEARING-MALAYSIA SDN, BHD.
NTN BEARING-THAILAND CO., LTD.
PT. NTN BEARING INDONESIA
NTN BEARING INDIA PRIVATE LTD.
NTN KOREA CO., LTD.
NTN (CHINA) INVESTMENT CORPORATION
NTN CHINA LTD.
and 1 more subsidiary
- Equity-method affiliate
NTN-DONGPAI (Shanghai) Bearing Sales Corp.
- Other affiliated companies 3
(Overseas manufacturing subsidiaries)
<Americas>
- Consolidated subsidiaries
NTN DRIVESHAFT, INC.
NTN DRIVESHAFT ANDERSON,INC.
AMERICAN NTN BEARING MFG. CORP.
NTN-BOWER CORP
NTK PRECISION AXLE CORP.
NTA PRECISION AXLE CORP.
NTN BEARING CORP. OF CANADA LTD.
(Manufacturing Dept.)
NTN MANUHACTURING DE MEXICO.S.A.DE C.V.
NTN do Brasil Produção de Semi-Eixos Ltda.
and 1 more subsidiary
- Equity-method affiliate
ASAHI FORGE OF AMERICA CORP.
Seohan-NTN Driveshaft USA CORP.
<Europe>
- Consolidated subsidiaries
NTN-SNR ROULEMENTS
NTN TRANSMISSIONS EUROPE
NTN TRANSMISSIONS EUROPE CREZANCY
NTN Kugellagerfabrik (Deutschland) G.m.b.H.
NTN Mettmann(Deutschland) G.m.b.H.
NTN Antriebstechnik G.m.b.H
and 4 more subsidiaries
<Asia and other areas>
- Consolidated subsidiaries
NTN MANUFACTURING (THAILAND) CO., LTD.
NTPT CO., LTD.
NTN NEI Manufacturing India Private LTD.
NANJING NTN CORP.
SHANGHAI NTN Corp.
GUANGZHOU NTN-YULON Drivetrain Co., Ltd.
XIANGYANG NTN-YULON DRIVETRAIN CO. LTD.
NTN-RAB (Changzhou) Corp
NTN-LYC (Luoyang) Bearing Corporation
- Equity-method affiliate
UNIDRIVE PTY LTD.
Tung Pei Industrial Co., Ltd
TAIWAY Industry CO., LTD.
BEIJING NTN－SEOHAN DRIVESHAFT CO.,LTD.
Seohan-NTN Bearing Co., Ltd.
PT. NTN MANUFACTURING INDONESIA
- Other affiliated companies 2
NTN Corporation
(Domestic manufacturing subsidiaries)
<Japan>
- Consolidated subsidiaries
NTN MIE Corp.
NTN Kongo Corporation
NTN HOUDATSUSHIMIZU Corp.
NTN NOTO Corp.
NTN FUKUROI Corp.
NTN AKAIWA Corp.
NTN MIKUMO Company Ltd.
NTN OMAEZAKI Corp.
NTN Engineer Plastic Corp.
NTN Advanced Materials Corporation
- and 1 more affiliated company
(Domestic parts processing subsidiaries)
<Japan>
- Consolidated subsidiaries
NTN CASTING Corp.
NTN KINAN Corp.
NTN KAMIINA Corp.
- Other affiliated companies 6
(Other subsidiaries)
<Japan>
- Consolidated subsidiaries
NTN Technical Service Corporation
NTN Logistics Co., Ltd.
- 1 more affiliated company
<Americas>
- Consolidated subsidiaries
NTN USA CORP.
(overall management of American subsidiaries)
Sales of the products
Procurement of the products
Procurement of the semi-finished goods

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 “NTN100” 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 of the attached documents "3. Management Policy, (4) Management Issues to be Addressed (1) Progress of the Medium-term Management Plan “NTN100”.) 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 “NTN100” 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] Progress of three-year Medium-term Management Plan “NTN 100”

The NTN Group is tackling the three-year Medium-term Management Plan “NTN 100” that started in April last year and continues until March 2018 when marks the Company’s 100th anniversary. The term “NTN 100” is initials of “NTN Transformation for Next 100.” To mark the 100th anniversary and achieve sustainable growth for the next 100 years, the Group is now promoting key initiatives, under three basic policies of “Manage Growth,” “Manage Profitability,” and “Manage Foundation,” with such the three-year period as a period for transformation and building foundation that will allow realization of “Our Vision.”

<Manage Growth>

We are working to ”Devlop Business in New Areas” following bearings and driveshafts. In order to establish natural energy products as a business at an early stage, we have newly established the Green Energy Products Division, and we have been tackling development, production and sale of compact wind turbines and micro hydro turbines utilizing highly efficient blade technology capable of converting even weak power to rotational energy and technology of rolling bearings and magnetic materials.

In addition, we are working to build a clean natural energy circulation model in which electric energy is generated by utilizing wind, water and solar power is circulated to electric vehicles and vegetable farm, without emitting CO_2. To this end, we established the Green Power Park within our Advanced Technology R&D Center (Kuwana, Mie Prefecture), and we are a conducting a demonstration test to realize a low-carbon society.

In the EV Business, we developed a “New In-wheel Motor System” which has achieved a reduced size and weight by reviewing the structure of a reduction gear. It can be installed in automobiles without making changes to the structure of their suspension and steering. We will, thus, propose to our customers a way to slash development cost and shorten their development period.In addition, we newly established the “Electric Module Products Division,” aiming to commercialize at an early stage module products such as electric motor actuators that are essential for the electrification of next-generation vehicles.

In the Robot-related Business, we are accelerating the market expansion with “Working and Living with People” as theme. We are doing this with “Parallel Link High Speed Angle Control Equipment” that helps to improve the productivity of automated production equipment with its fast and ccurate positioning, and with “Microscopic Coating Applicator with Microgeometry Measuring Function,” which combines the function of apparatus for applying coats in fine droplets and with high precision and total inspection of the forms of application and coating amount.

In the Service Solution Business, we are developing business of not only provision of “things” as seen in the past but also service solutions by utilizing big data, and taking advantage of status monitoring, diagnosis, and sensing techniques. We started selling the “Conditions Monitoring System for Wind Turbines (CMS), Wind Doctor^{TM}” that constantoly monitors operating conditions of large wind turbines last year.

In the “Expand Aftermarket Business,” we intend to be the “world’s No. 1 customer satisfaction level with product lineup and engineering services.” We will hold the Aftermarket Academy (technical training seminars, bearing diagnosis, etc.) in order to strengthen the technology service for our aftermarket customers in Japan. Also overseas, we are expanding the automobile aftermarket business in Europe as well as Americas and China. In the industrial machinery aftermarket business, we are strengthening the caravan activity where a visit to distributors and subsequent customers is made by technical service units. On the production side, in order to shorten lead-time, we will establish a new heat treatment plant of NTN Noto Corporation (Shika, Ishikawa), have an integrated production system for bearings in the Noto region become established, and achieve a system for speedy production and stable supply.

<Manage Profitability>

In the “Structural Reform of the Driveshaft Business,” we consider the expansion of profits as a top priority issue, and are reforming our structure as being called the world No. 1 “NTN Driveshaft” in terms of customer satisfaction, including quality, cost, delivery date and technical aspects. In the area of sales and technology, we have developed the “Advanced Drive-Shaft Module” that is created by new concepts and advanced of manufacturing technology and the “Lightweight Driveshaft for FR vehicle” that is most appropriate for a rear-wheel drive layouts frequently adopted in luxury cars, such as premium cars, thereby increasing the composition of high-value added products. In addition, in terms of production, against the background of an increase in automobile production and new construction of automobile manufacturers' offices, we are newly establishing plants in China, Mexico, and the United States to strengthen our global supply system while at the same time improving profitability by reducing proportional costs, etc.

In "Monozukuri with Next Generation Technology," with the innovation of "Monozukuri" methods toward the next century as theme, we are striving to strengthen cost competitiveness, reduce unit prices of facilities, shorten the lead time, eliminate interim inventories, and achieve energy conservation / resource saving by introducing innovative manufacturing technologies. In addition, in view of the importance of strengthening quality control on a global basis, we will establish a quality assurance system with the same standards in the world on the basis of "Made by NTN."

<Manage Foundation>

In "Strengthen the Management Foundation," we are disseminating our "Corporate Philosophy" as a global common code of conduct to all employees of our Group, while thoroughly ensuring compliance and strengthening response to governance and diversity. Specifically, we are strengthening the fostering of global human resources who can play an active role beyond country and region and promoting continuous "Hitozukuri (human resource development)" leading to enhancement of on-site capabilities. Moreover, we are striving to create a better workplace and environment, such as the enhancement of short working hour system for childcare and improvement of in-house day care center. In respect of CRS, we focus our efforts on activities in the community where NTN Group develops business more than before and further expand social contribution and environmental conservation initiatives as a corporation loved by local people.

In "Strengthen the Financial Foundation," we are promoting various measures to achive "strengthing of profits control and improvement of asset efficiency." By taking various measures for a slash in interest-bearing debts, improvement of inventory turnover ratio, a reduction in retirement benefit liabilities, and an increase of profit margin on sales, we will seek to gain soundness of our financial standing and continue stable long-term return of profit to shareholders.

[2] 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 its 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 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 and the TDPO are greatly different from the Company's view of the facts, in April 2013, the Company requested the JFTC to initiate a hearing. As a result, hearing proceedings for the JFTC orders were commenced in September 2013. In addition, in respect of a criminal trial, we had been appealing against the conviction declared in February 2015 by the Tokyo District Court, but the High Court rendered a judgment of the rejection of the appeal in March 2016. The Company and its former executives have appealed to the Supreme Court.

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 for suspected price-fixing of bearing sales with other businesses.

In February 2016, eight bearing manufacturers, including the Company, were filed a lawsuit in The United Kingdom Competition Appeal Tribunal that seeks for the joint payment of damages of 507.8 million euros (provisional amount) by Peugeot S.A. and its total 18 group companies (hereinafter referred to as the "Plaintiffs"). The suit has been filed allegedly because the Plaintiffs incurred damages in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission on March 19, 2014. We will insist on the legitimacy of the Company's argument.

The Company or its affiliated companies may be filed the lawsuit similar to the abovementioned lawsuit, etc.

Our Group will continue strengthening a system that thoroughly ensures compliance with laws and regulations, social norms, ethics and in-house regulations on a global basis, while pursuing business activities through more fair and faithful competitions.We sincerely apologize to all the related parties including our shareholders for causing them a great deal of worry.

In the future also, the Group will strengthen its systems in order to ensure thorough and global compliance with laws and regulations, social norms, ethics, and internal rules, and will carry out business activities through fair and honest competition.

<Strengthening our organization>

For ensuring thorough compliance with the Anti-Monopoly Act and Subcontract Act, under the guidance of the Fair Trade Monitoring Committee, the Company has the Fair Trade Promoting Department engaged in promoting fair trade activities.

The CSR (Corporate Social Responsibility) Headquarters established in 2014 has supervised the sections involved in corporate social responsibility, including the Fair Trade Promoting Department, and promoted compliance with legal norms and social responsibility throughout the Group. It also strengthened its partnership with the Internal Control Section, which has been set up 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 through awareness-raising activities including in-house training and by making it compulsory to perform self-audits related to compliance with the Anti-Monopoly 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 Section in each overseas region.

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

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, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and bank deposits	69,094	63,233
Notes and accounts receivable-trade	144,537	134,195
Electronically-recorded monetary claims	1,786	2,285
Securities	10,000	2,000
Finished goods & purchased goods	103,306	103,195
Work in process	46,512	45,808
Raw materials & supplies	34,309	29,216
Deferred tax assets	11,062	8,927
Short-term loans receivable	10,020	3,003
Other	31,288	31,325
Allowance for doubtful accounts	-939	-898
Total current assets	460,979	422,293
Fixed assets		
Property, plant and equipment		
Buildings and structures	198,483	197,814
Accumulated depreciation	-109,558	-112,657
Buildings and structures, net	*2 88,924	*2 85,156
Machinery, equipment and vehicles	721,931	714,814
Accumulated depreciation	-557,978	-559,920
Machinery, equipment and vehicles, net	*2 163,953	*2 154,894
Land	*2 34,237	*2 33,488
Construction in progress	21,736	15,705
Other	63,830	62,915
Accumulated depreciation	-56,630	-55,758
Other, net	*2 7,200	*2 7,156
Total property, plant and equipment	316,052	296,401
Intangible fixed assets		
Goodwill	193	138
Other	9,711	10,258
Total intangible fixed assets	9,904	10,397
Investments and other assets		
Investment securities	*1 56,984	*1 49,301
Deferred tax assets	9,377	12,448
Other	3,175	3,995
Allowance for doubtful accounts	-197	-186
Total investments and other assets	69,340	65,558
Total fixed assets	395,297	372,357
Total assets	856,277	794,650

(In million yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	61,091	55,247
Electronically-recorded monetary claims	57,778	56,390
Short-term loans	120,657	122,792
Accrued income taxes	7,918	4,236
Accrued bonuses for directors and statutory auditors	123	154
Reserve for loss on support to affiliated companies	1,562	1,495
Other	52,398	48,455
Total current liabilities	301,529	288,771
Long-term liabilities		
Long-term loans	238,448	202,381
Reserve for product defect compensation	940	307
Liabilities for retirement benefits	45,077	47,137
Other	7,722	7,547
Total long-term liabilities	292,188	257,374
Total liabilities	593,717	546,145
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,369	67,350
Retained earnings	106,127	116,644
Treasury stock	-558	-616
Total shareholders' equity	227,284	237,725
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	14,562	8,554
Translation adjustments	14,901	-1,536
Accrued retirement benefits adjustments	-11,477	-12,421
Total accumulated other comprehensive income	17,986	-5,402
Non-controlling shareholders’ equity	17,288	16,182
Total net assets	262,559	248,504
Total liabilities and net assets	856,277	794,650

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

(In million yen)

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net sales	701,900	716,996
Cost of sales	*2 570,197	*2 576,650
Gross profit	131,703	140,346
Selling, general and administrative expenses	*1, *2 87,852	*1, *2 92,576
Operating income	43,850	47,770
Non-operating income		
Interest income	586	600
Dividend income	570	828
Equity in earnings of unconsolidated subsidiaries	986	800
Gain on reversal of business restructuring expenses	-	760
Gain on reversal of product defect compensation	-	655
Other	2,498	2,355
Total non-operating income	4,641	6,001
Non-operating expenses		
Interest expenses	4,768	4,730
Foreign exchange losses	2,335	6,824
Other	2,519	4,005
Total non-operating expenses	9,623	15,560
Ordinary income	38,868	38,211
Extraordinary income		
Gain on sale of fixed assets	*3 4,287	*3 2,880
Gain on change in equity	-	*4 1,552
Total extraordinary income	4,287	4,432
Extraordinary losses		
Loss associated with the arbitration award	-	*5 13,013
Impairment loss	-	*6 2,687
Payment of customs duties for past fiscal years	3,566	-
Loss related to Anti-Monopoly Act	*7 2,094	-
Loss on liquidation of affiliates	432	-
Total extraordinary losses	6,093	15,700
Net income before taxes and equity in earnings of affiliated companies	37,062	26,942
Income and other taxes	12,155	10,489
Income and other taxes adjustment	887	405
Total income and other taxes	13,043	10,895
Net income	24,018	16,047
Net income attributable to non-controlling shareholders	665	1,010
Net income attributable to shareholder (parent company)	23,352	15,037

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net income	24,018	16,047
Other comprehensive income		
Net unrealized holding gain on securities	6,488	-6,007
Translation adjustments	17,513	-17,345
Accrued retirement benefits adjustments	-283	-934
Equity in equity-method affiliates	1,023	-726
Total other comprehensive income	* 24,741	* -25,012
Comprehensive income	48,760	-8,965
(Breakdown)		
Comprehensive income attributable to owners of parent company	46,104	-8,351
Comprehensive income attributable to non-controlling shareholders	2,656	-613

(3) Statement of Changes in Shareholders' Equity
Previous 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 attributable to shareholder (parent company)			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 attributable to shareholder (parent company)						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

Current consolidated accounting year (April 1, 2015 to March 31, 2016)

(In million yen)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	54,346	67,369	106,127	-558	227,284
Changes during the period					
Distribution of retained earnings			-4,520		-4,520
Net income attributable to shareholder (parent company)			15,037		15,037
Purchase of treasury stock				-58	-58
Sale of treasury stock				0	0
Changes in equity of parent company pertaining to transactions with non-controlling shareholders		-19			-19
Net changes in items other than shareholders' equity during the period					
Total changes during the period	-	-19	10,517	-57	10,440
Balance at March 31, 2016	54,346	67,350	116,644	-616	237,725

	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, 2015	14,562	14,901	-11,477	17,986	17,288	262,559
Changes during the period						
Distribution of retained earnings						-4,520
Net income attributable to shareholder (parent company)						15,037
Purchase of treasury stock						-58
Sale of treasury stock						0
Changes in equity of parent company pertaining to transactions with non-controlling shareholders						-19
Net changes in items other than shareholders' equity during the period	-6,007	-16,437	-943	-23,389	-1,105	-24,494
Total changes during the period	-6,007	-16,437	-943	-23,389	-1,105	-14,054
Balance at March 31, 2016	8,554	-1,536	-12,421	-5,402	16,182	248,504

(4) Statements of Cash Flows

(In million yen)

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net cash provided by operating activities		
Income before income taxes and equity in earnings of affiliated companies	37,062	26,942
Depreciation and amortization	40,391	38,277
Impairment loss	-	2,687
Goodwill depreciation	54	52
Increase/decrease (-) in reserve for loss related to Anti-Monopoly Act	-35	-
Increase / decrease (-) in reserves for loss on supporting affiliated companies	-39	32
Increase/decrease (-) in allowance for doubtful accounts	31	-5
Increase/decrease (-) in accrued retirement benefits for directors and statutory auditors	91	31
Increase/decrease (-) in reserve for product defect compensation	5	-632
Increase/decrease (-) in liabilities in retirement benefits	-8,559	1,529
Increase/decrease (-) in accrued liabilities related to a loss pertaining to Anti-Monopoly Act	-27,925	-
Increase/decrease (-) in accrued liabilities related to a loss pertaining to the Anti-Monopoly Act	-889	-2,411
Surcharge payments under the Anti-Monopoly Act	30,058	-
Payment of loss associated with arbitration award	-	11,651
Interest and dividend income	-1,156	-1,429
Insurance received	-	-2,145
Interest expenses	4,768	4,730
Foreign currency translation adjustments / Foreign exchange loses/gains (-)	459	1,432
Equity in earnings (-) /loss of non-consolidated subsidiaries	-986	-800
Gains or loss (-) on sale of fixes assets	-4,287	-2,880
Gains (-) or losses on change in equity	-	-1,552
Contribution to employees' retirement trust	5,000	-
Decrease (-) / increase in trade receivables	-6,892	4,598
Decrease (-) / increase in inventories	-10,522	-2,147
Increase/decrease (-) in trade payables	11,794	-5,407
Other	2,651	31
Subtotal	71,070	72,586
Interest and dividend income received	1,820	2,396
Interest paid	-4,644	-4,788
Surcharge payments under the Anti-Monopoly Act	-30,058	-
Payment of loss associated with arbitration award	-	-11,651
Contribution to employees' retirement trust paid	-5,000	-
Interest received	-	2,145
Income taxes paid	-8,066	-14,440
Net cash provided by operating activities	25,120	46,247
Net cash used in investing activities		
Increase in time deposits	-2,011	-685
Decrease in time deposits	1,932	1,021
Purchase of property, plant and equipment	-31,131	-34,441
Proceeds from sale of property, plant and equipment	5,117	3,120
Purchase of intangible fixed assets	-4,644	-3,179
Redemption of investment securities	-	1,000
Decrease/increase (-) in short-term loans receivable, net	10	15
Other	-567	-623
Net cash used in investing activities	-31,293	-33,770

(In million yen)

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net cash provided by financing activities		
Increase/decrease (-) in short-term loans, net	-27,389	-19,529
Proceeds from long-term loans	29,523	37,297
Repayment of long-term loans	-37,463	-45,039
Proceeds from issuance of shares to non-controlling shareholders	979	4,651
Dividend payment	-2,393	-4,520
Repayment of lease payable	-274	-249
Other	-475	-569
Net cash provided by financing activities	-37,492	-27,958
Effect of exchange rate changes on cash and cash equivalents	1,772	-172
Increase/decrease (-) in cash and cash equivalents	-41,892	-15,653
Cash and cash equivalents, at beginning of the year	129,670	87,777
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	—	-4,813
Cash and cash equivalents, at end of the year	* 87,777	* 67,310

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

None

(Changes in Accounting Policies)

(Application of Accounting Standards for Business Combination)

Accounting Standards for Business Combination (Corporate Accounting Standards No. 21, September 13, 2013, hereinafter referred to as “Business Combination Accounting Standards”), Accounting Standards for Consolidated Financial Statements (Corporate Accounting Standards No. 22, September 13, 2013, hereinafter referred to as “Consolidated Accounting Standards”), and Accounting Standards for Business Splits (Corporate Accounting Standards No. 7, September 13, 2013, hereinafter referred to as “Business Splits Accounting Standards”) are applied from this consolidated accounting period, and the accounting method is changed where differences caused by changes in the Company’s equity for subsidiaries in case of continued control are reported as capital surplus, and acquisition related costs are reported as expenses for a consolidated accounting period in which those expenses accrued. In addition, regarding a business combination carried out after the beginning of this consolidated accounting period, the accounting method is changed where a review of the allotment amount of acquisition costs resulting from provisional determination of accounting standards is reflected in consolidated financial statements for a consolidated accounting period containing the date of business combination. Furthermore, changes are made in the presentation method of net income, etc. and the presentation method from the minority shareholders' equity to non-controlling shareholders' equity. To reflect such changes, as for the previous consolidated accounting period, certain reclassifications were made to consolidated financial statements.

Cash flows related to acquisition or sale of shares of subsidiaries not resulting in changes in scope of consolidation in the consolidated Statements of Cash Flows in and after this consolidated accounting period are stated in Net cash provided by financing activities, and cash flows related to expenses for acquisition of shares of subsidiaries resulting in changes in scope of consolidation or expenses accrued related to acquisition or sale of shares of subsidiaries not resulting in changes in scope of consolidation are stated in Net cash provided by operating activities.

Application of Business Combination Accounting Standards follows the transitional treatment set forth in 58-paragraph 2 (4) of Corporate Consolidated Accounting Standards, 44-paragaraph 5 (4) of Consolidated Accounting Standards and Business Splits Accounting Standards, which are applied from the beginning of this consolidated accounting period to the future. The effects this change will have on operating income, ordinary income, and net income before adjustments of income taxes for this consolidated accounting period as well as capital surplus at the end of this consolidated accounting period are minor.

(Changes in accounting policy which is difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method)

The Company and domestic consolidated subsidiaries adopt the straight-line method for a depreciation method for property, plant and equipment excluding buildings (excluding facilities attached to buildings) from this consolidated accounting period, instead of the declining-balance method previously used.

Taking the opportunity to draw up the Medium-term Management Plan “NTN 100” that started April last year, our Group examined anew the actual condition of use and operational status of property, plant and equipment of the Company and domestic consolidated subsidiaries.

As a result, on the back of the expansion of overseas business, we are proceeding with creation of a structure that enables us to ensure stable supply on a global basis and constant production of high-value added products in Japan e.g. by strengthening production structure in growth markets where demand is expected to increase. Consequently, domestic manufacturing facilities etc. are expected to operate stably for a long term in the future. Thus, the Company has determined that the adoption of the straight-line method as depreciation method for property, plant and equipment would reflect the actual business status more appropriately.

With this change, operating income, ordinary income and net income before adjustments of income taxes for this consolidated accounting period increased by 2,979 million yen respectively, compared with the previous method.

(Changes in Presentation Method)
(Consolidated Statement of Operation)

In the previous consolidated accounting period, “Royalty” had an independent account heading. However, because the amount decreased to less than 10/100 of the total sum of non-operating expenses, it was included under “Other” in this consolidated accounting period. To reflect this change in the methods of presentation, the Company reclassified relevant accounts in the consolidated financial statements of the previous consolidated accounting period.

As a result, 355 million yen presented as " Royalty " under “Non-operating income” and 2,142 million yen presented as “Other” in the consolidated financial statements of the previous consolidated accounting period was reclassified to 2,498 million yen of “Other” under Non-operating income.

(Consolidated Balance Sheet)

*1 Notes on non-consolidated subsidiaries and affiliates are as follows. (In million yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Investment securities (stock)	16,734	19,088

*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, 2015	Year ended March 31, 2016
Buildings and structures	477	434
Machinery, equipment and vehicles	328	192
Land	798	798
Other	3	2
Total	1,608	1,427

3 Contingency liabilities

(Lawsuits, etc.)

(1) In June 2012, the Company and its 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 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 and the TDPO are greatly different from the Company's view of the facts, in April 2013, the Company requested the JFTC to initiate a hearing. As a result, hearing proceedings for the JFTC orders were commenced in September 2013.

In addition, in respect of a criminal trial we had been appealing against the conviction declared in February 2015 by the Tokyo District Court, but the High Court rendered judgment of the rejection of the appeal in March 2016. The Company and its former executives have appealed to the Supreme Court.

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 for suspected price-fixing of bearing sales with other businesses.

(3) In February 2016, a lawsuit was filed against eight bearing manufacturers, including the Company, in The United Kingdom Competition Appeal Tribunal. It sought the joint payment of damages of 507.8 million euros (provisional amount) to Peugeot S.A. and its total 18 group companies (hereinafter referred to as the "Plaintiffs"). The suit has been filed allegedly because the Plaintiffs incurred damages in connection with the violation of the European Competition Law, which is subject of the decision made by the European Commission on March 19, 2014. We will insist on the legitimacy of the Company's argment.

(4) The Company or its affiliated companies may be filed the lawsuit similar to the abovementioned lawsuit etc. 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, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Salaries and benefit	31,299	33,665
Freight	14,577	14,564
Research and development	10,711	10,452
Rent expenses	3,067	3,236
Depreciation and amortization	2,429	2,513
Retirement benefits expenses	1,800	2,103

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

(In million yen)

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
18,088	18,480

*3 In the current consolidated fiscal year, 2,880 million yen of gains on sale of fixed assets was recorded as extraordinary income. This included 2,694 million yen in gains on the sale of building sites following the closure of Takarazuka Works and 185 million yen of other gains.

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

*4 PT.NTN MANUFACTURING INDONESIA, which was a consolidated subsidiary of the Company, carried out a third-party allocation of new shares in January 2016, our ownership ratio lowered and so we excluded it from the scope of consolidation. Thus, we recorded a gain on change in equity of 1,552 million yen in extraordinary income.

*5 NTN-SNR ROULEMENTS (hereinafter referred to as NTN-SNR), the consolidated subsidiary of NTN, had a claim brought against it by Volvo Powertrain AB of Europe that the bearings supplied by NTN-SNR did not comply with the relevant specifications and caused damages, and a request for arbitration by Volvo Powertrain AB of Europe claiming payment of compensation for damages was filed against NTN-SNR in November 2012. In November 2015, we received the final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) that orders NTN-SNR to compensate for the damages. In the current consolidated period, we included in extraordinary loss as loss associated with the arbitration award the amount of 13,013 million yen obtained by deducting proceeds from the casualty insurance for the said event.

*6 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, 2,687 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, 2015 (April 1, 2015 - March 31, 2016)
Japan	Manufacturing facilities	Construction in progress	226
Asia and other areas	Manufacturing facilities and other	Construction in progress	2,461
Total			2,687

*7 In August 2014, the National Development and Reform Commission of China made a decision to impose on the Company and its consolidated subsidiary in China 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. In the previous consolidated period, we included 2,094 million yen in extraordinary loss as loss related to Anti-Monopoly 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, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net unrealized holding gain on other securities:		
Amount arising in current fiscal year	8,837	-9,038
Reclassification adjustment	-	-
Before tax effect adjustment	8,837	-9,038
Tax effect	-2,349	3,030
Net unrealized holding gain on other securities	6,488	-6,007
Translation adjustments:		
Amount arising in current fiscal year	17,513	-17,363
Reclassification adjustment	-	18
Before tax effect adjustment	17,513	-17,345
Tax effect	-	-
Translation adjustments	17,513	-17,345
Accrued retirement benefits adjustments:		
Amount arising in current fiscal year	-2,223	-3,276
Reclassification adjustment	1,888	2,224
Before tax effect adjustment	-335	-1,052
Tax effect	51	118
Accrued retirement benefits adjustments	-283	-934
Equity in equity-method affiliates:		
Amount arising in current fiscal year	1,023	-726
Total other comprehensive income	24,741	-25,012

(Consolidated Statements of Changes in Shareholders' Equity)

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

(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 shareholders on June 24, 2015	Common stock	1,861	Retained earnings	3.5	March 31, 2015	June 25, 2015

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

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

	Number of shares as of April 1, 2015 (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares as of March 31, 2016 (thousand shares)
Shares issued and outstanding				
Common stock	532,463	-	-	532,463
Total	532,463	-	-	532,463
Treasury stock				
Common stock *	670	127	1	795
Total	670	127	1	795

*Note: The 127,000 share increase in common stock under "treasury stock" consists of 49,000 shares of acquisition by purchase of shares of less than one unit and 78,000 shares of acquisition under provisions of Article 156 of the Companies Act applied by replacing pursuant to Article 163 of the Companies Act, and 1,000 share decrease results from demands for the additional 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 24, 2015	Common stock	1,861	3.5	March 31, 2015	June 27, 2015
October 30, 2015 Board of Directors	Common stock	2,658	5.0	September 30, 2015	December 4, 2015

(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, 2016	Common stock	2,658	Retained earnings	5.0	March 31, 2016	June 27, 2016

(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, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Cash and bank deposits	69,094	63,233
Securities	10,000	2,000
Short-term loans receivable	10,020	3,003
Time deposits with original maturities of more than three months	-1,320	-924
Short-term loans receivable, excluding repurchase agreements	-17	-1
Cash and cash equivalents	87,777	67,310

(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, 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

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(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	200,106	203,880	179,525	133,484	716,996	-	716,996
Inter-segment sales or transfers	137,578	4,498	4,022	14,675	160,775	(160,775)	-
Total	337,685	208,378	183,548	148,159	877,772	(160,775)	716,996
Segment income (Operating income)	24,149	5,774	3,100	12,619	45,643	2,126	47,770
Segment assets	552,812	169,453	143,963	160,124	1,026,354	(231,703)	794,650
Segment liabilities	354,652	121,244	96,261	57,006	629,166	(83,020)	546,145
Other items							
Depreciation and amortization	11,836	11,247	7,084	8,109	38,277	-	38,277
Increase in tangible and intangible fixed assets	16,179	7,452	8,325	8,022	39,980	(185)	39,795

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 -276,943 million yen and company-wide assets not allocated to specific segments of 45,240 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, 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
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.

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
1. Information related to products and services

(In million yen)

	Aftermarket applications	Industrial machinery applications	Automotive applications	Total
Net sales to external customers	113,628	104,109	499,258	716,996

(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
189,556	212,549	169,039	145,850	716,996

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 188,391 million yen.
4. Of the sales classified as net sales to Asia and others, sales to China accounted for 77,611 million yen.

(2) Property, plant and equipment

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
111,876	75,580	46,400	62,544	296,401

Notes: 1. Of the property, plant and equipment classified under Americas, property, plant and equipment held in the United States accounted for 67,150 million yen.
2. Of the property, plant and equipment classified under Europe, property, plant and equipment held in France accounted for 35,486 million yen.
3. Of the property, plant and equipment classified under Asia and other areas, property, plant and equipment held in China accounted for 49,028 million yen.

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

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

N.A

Current consolidated accounting period (April 1, 2015 to March 31, 2016)

(In million yen)

	Japan	Americas	Europe	Asia and other areas	Adjustment	Total
Impairment loss	226	-	-	2,461	-	2,687

(Per share data)

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net assets per share (yen)	461.21	436.97
Net income per share or net loss (-) per share	43.91	28.28

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

2. The basic methods for calculating net income per share are as follows.

	Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)	Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)
Net income attributable to shareholder (parent company) (million yen)	23,352	15,037
Amount not attributable common shareholders (million yen)	-	-
Net income attributable to shareholders (parent company) for common stocks (million yen)	23,352	15,037
Average number of shares during the period (thousand shares)	531,821	531,762

(Significant Subsequent Events)

N.A

(Additional information)

1. Lawsuits and related matters

In November 2015, NTN-SNR ROULEMENTS, our consolidated subsidiary, received a final award from the Arbitration Institute of the Stockholm Chamber of Commerce (Sweden) in relation to the arbitration proceedings regarding the problem with the bearings between NTN-SNR and Volvo Powertrain AB of Europe that orders NTN-SNR to provide compensation for damages. We thoroughly examined the award and decided that there was a flaw in such arbitration proceedings. Therefore, we challenged the award in the Stockholm District Court in February 2016.

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. 15, 2016) and “Act for Partial Amendment of Local Tax Act” (Law No. 13, 2016) passed the Diet on March 29, 2016, and corporate tax will be reduced from the consolidated accounting periods starting on and after April 1, 2016.

Following this, the legal effective tax rates used for calculation of deferred income tax and deferred tax liabilities have been changed from 32.4% for the previous consolidated period to 30.2% in regard to the temporary difference expected to be removed in the consolidated accounting period starting on April 1, 2017, and 30.0% in regard to the temporary difference expected to be removed in and after the consolidated accounting periods starting on April 1, 2018.

As a result, the amount of deferred income tax (the amount obtained by deducting the amount of deferred tax liabilities) decreased by 608 million yen, the income tax adjustments reported in the current consolidated accounting period increased by 665 million yen, and net unrealized holding gain on other securities increased by 183 million yen, while accumulated accrued retirement benefits adjustments decreased by 126 million yen.

3. Explanatory Materials

3.1. Consolidated Financial Results

(In million yen)

			FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Consolidated operating results (Lower: Net sales ratio)	Net sales		543,468	539,594	638,970	701,900	716,996
			100.0%	100.0%	100.0%	100.0%	100.0%
	Operating income		20,723	7,278	33,003	43,850	47,770
			3.8%	1.3%	5.2%	6.2%	6.7%
	Ordinary income		18,691	2,512	28,670	38,868	38,211
			3.4%	0.5%	4.5%	5.5%	5.3%
	Extraordinary loss		-2,334	-16,409	-31,121	-1,805	-11,268
			-0.4%	-3.0%	-4.9%	-0.3%	-1.6%
	Net income attributable to shareholder (parent company)		5,993	-14,195	-14,648	23,352	15,037
			1.1%	-2.6%	-2.3%	3.3%	2.1%
Net sales by region (Lower: Net sales ratio)	Japan		193,447	177,472	179,081	191,460	189,556
			35.6%	32.9%	28.0%	27.3%	26.4%
	Americas		124,643	141,570	174,566	202,561	212,549
			22.9%	26.2%	27.3%	28.9%	29.6%
	Europe		132,968	124,751	166,279	171,217	169,039
			24.5%	23.1%	26.0%	24.4%	23.6%
	Asia and other areas		92,408	95,800	119,043	136,661	145,850
			17.0%	17.8%	18.6%	19.5%	20.3%
	Total		543,468	539,594	638,970	701,900	716,996
			100.0%	100.0%	100.0%	100.0%	100.0%
Net sales / Operating income by location	Japan	Net sales	334,483	315,932	323,582	343,315	337,685
		Operating income	8,146	9,837	25,593	27,557	24,149
		Operating margin	2.4%	3.1%	7.9%	8.0%	7.2%
	Americas	Net sales	121,133	138,477	171,843	198,912	208,378
		Operating income	588	-3,218	2,644	1,410	5,774
		Operating margin	0.5%	-2.3%	1.5%	0.7%	2.8%
	Europe	Net sales	143,745	136,544	182,350	187,206	183,548
		Operating income	4,551	-214	2,139	3,700	3,100
		Operating margin	3.2%	-0.2%	1.2%	2.0%	1.7%
	Asia and other areas	Net sales	82,416	85,762	113,806	132,925	148,159
		Operating income	5,158	713	4,405	10,081	12,619
		Operating margin	6.3%	0.8%	3.9%	7.6%	8.5%
	Deletion	Net sales	-138,311	-137,122	-152,611	-160,458	-160,775
		Operating income	2,278	159	-1,779	1,100	2,126
	Total	Net sales	543,468	539,594	638,970	701,900	716,996
		Operating income	20,723	7,278	33,003	43,850	47,770
		Operating margin	3.8%	1.3%	5.2%	6.2%	6.7%

(In million yen)

			FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Net sales / Operating income by business applications	Aftermarket	Net sales	93,960	89,222	103,844	112,433	113,628
		Operating income	19,065	14,725	17,725	19,237	17,702
		Operating margin	20.3%	16.5%	17.1%	17.1%	15.6%
	Industrial machinery	Net sales	106,619	93,746	101,181	108,993	104,109
		Operating income	4,838	1,534	3,279	6,261	5,618
		Operating margin	4.5%	1.6%	3.2%	5.7%	5.4%
	Automotive	Net sales	342,888	356,626	433,944	480,473	499,258
		Operating income	-3,180	-8,981	11,999	18,351	24,448
		Operating margin	-0.9%	-2.5%	2.8%	3.8%	4.9%
	Total	Net sales	543,468	539,594	638,970	701,900	716,996
		Operating income	20,723	7,278	33,003	43,850	47,770
		Operating margin	3.8%	1.3%	5.2%	6.2%	6.7%
Capital expenditures /Depreciation and amortization	Capital expenditures		54,440	48,979	33,162	31,266	36,300
	Depreciation and amortization	Domestic	20,292	18,788	17,012	15,708	11,836
		Overseas	13,883	16,052	22,302	24,683	26,441
		Total	34,175	34,841	39,315	40,391	38,277
R&D expenditures			17,156	16,174	17,820	18,088	18,480
Ratio of R&D expenditures to net sales			3.2%	3.0%	2.8%	2.6%	2.6%
Inventories			155,107	163,287	166,484	184,128	178,220
Inventory turnover ratio (times)			3.5	3.3	3.8	3.8	4.0
Interest-bearing debts	Loans		261,978	350,801	381,767	359,105	325,173
	Bonds		10,000	10,000	—	—	—
	Total		271,978	360,801	381,767	359,105	325,173
Major management indicators	Ordinary income ratio to total assets		2.8%	0.3%	3.5%	4.6%	4.6%
	Return on assets (ROA)		0.9%	-1.9%	-1.8%	2.7%	1.8%
	Return on equity (ROE)		3.0%	-7.2%	-7.3%	10.5%	6.3%
	Shareholder's equity ratio		28.4%	26.0%	23.5%	28.6%	29.2%
	Net assets per share	(yen)	370.19	375.84	374.68	461.21	436.97
	Net income per share	(yen)	11.27	-26.69	-27.54	43.91	28.28
Employees	Domestic	(persons)	7,722	7,942	7,900	8,003	8,145
	Overseas	(persons)	13,067	13,456	14,256	15,357	15,964
	Total	(persons)	20,789	21,398	22,156	23,360	24,109
Exchange rates	Average Dollar	(yen)	79.08	82.91	100.17	109.76	120.15
	Average Euro	(yen)	109.02	106.78	134.21	138.69	132.60
	At year end Dollar	(yen)	82.19	94.05	102.92	120.17	112.68
	At year end Euro	(yen)	109.80	120.73	141.65	130.32	127.70

3.2. Non-consolidated Financial Results (In million yen)

		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Non-consolidated operating results (Lower: Net sales ratio)	Net sales	339,197	318,406	321,358	337,995	335,544
		100.0%	100.0%	100.0%	100.0%	100.0%
	Operating income	-1,621	3,441	15,456	12,652	9,110
		-0.5%	1.1%	4.8%	3.7%	2.7%
	Ordinary income	4,603	8,800	21,751	18,869	19,593
		1.4%	2.8%	6.8%	5.6%	5.8%
	Extraordinary loss	-3,051	-23,817	-10,548	-969	-3,294
		-0.9%	-7.5%	-3.3%	-0.3%	-1.0%
	Net income	-324	-14,502	5,001	11,488	12,864
		-0.1%	-4.6%	1.6%	3.4%	3.8%
Net sales by region (Lower: Net sales ratio)	Japan	191,789	175,081	173,434	185,059	183,211
		56.5%	55.0%	54.0%	54.8%	54.6%
	Americas	47,730	53,803	51,250	56,088	57,448
		14.1%	16.9%	15.9%	16.6%	17.1%
	Europe	38,882	33,167	39,683	36,691	34,972
		11.5%	10.4%	12.3%	10.9%	10.4%
	Asia and other areas	60,795	56,354	56,989	60,156	59,912
		17.9%	17.7%	17.7%	17.8%	17.9%
	Total	339,197	318,406	321,358	337,995	335,544
		100.0%	100.0%	100.0%	100.0%	100.0%
Capital expenditures		8,997	5,221	4,761	6,995	8,019
Depreciation and amortization		12,900	11,166	9,748	8,826	6,851
R&D expenditures		13,234	12,122	12,621	12,451	13,044
Ratio of R&D expenditures to net sales		3.9%	3.8%	3.9%	3.7%	3.9%
Inventories		46,480	42,058	41,064	44,158	43,248
Inventory turnover ratio (times)		7.3	7.6	7.8	7.7	7.8
Interest-bearing debts	Loans	153,100	195,700	218,900	217,100	209,077
	Bonds	10,000	10,000	—	—	—
	Total	163,100	205,700	218,900	217,100	209,077
Major management indicators	Ordinary income ratio to total assets	1.0%	1.8%	4.3%	3.5%	3.6%
	Return on assets (ROA)	-0.1%	-3.0%	1.0%	2.1%	2.3%
	Return on equity (ROE)	-0.2%	-9.0%	3.2%	6.8%	7.2%
	Shareholder's equity ratio	34.6%	30.7%	30.6%	32.0%	33.2%
	Net assets per share (yen)	316.05	287.25	301.98	335.00	339.41
	Net income per share (yen)	-0.61	-27.27	9.40	21.60	24.19
Employees (persons)		5,457	5,450	5,050	5,062	5,154