

October 31, 2008
Financial Results
for the Six Months Ended September 30, 2008—Consolidated

NTN Corporation

Security Code: 6472
Listings: Tokyo and Osaka stock exchanges
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Scheduled date of dividend payment: December 5, 2008

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2008 (April 1, 2008 to September 30, 2008)

(1) Operating Results

(Amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2008	320,607	-	19,710	-	19,568	-	8,535	-
Six months ended September 30, 2007	260,984	13.2	24,257	10.4	21,318	6.9	13,114	(3.2)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2008	18.19	16.99
Six months ended September 30, 2007	27.93	26.10

Note: Percent indication shows percentage of change from corresponding figure for the same period of the prior fiscal year.

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	million yen	million yen	%	yen
Second quarter ended September 30, 2008	716,748	231,476	29.6	451.49
Year ended March 31, 2008	629,464	216,399	33.3	445.98

Note: Shareholders' equity Second quarter ended September 30, 2008: 211,874 million yen
Year ended March 31, 2008: 209,342 million yen

2. Dividends

	Dividends per share				
	at first quarter end	at second quarter end	at third quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2008	-	9.00	-	10.00	19.00
Year ending March 31, 2009	-	9.00	-	-	-
Year ending March 31, 2009 (forecast)	-	-	-	9.00	18.00

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	588,000	10.1	31,500	(36.5)	28,500	(34.1)	14,000	(49.0)	29.83

4. Other Information

- (1) Reclassification of significant subsidiaries during the period (changes in the scope of consolidation): None
- (2) Use of simplified accounting methods and accounting methods specific to the presentation of quarterly consolidated financial statements: Yes.

Note: For details see "4. Other Information" on page 9 in the "Analysis of Operating Results and Financial Statements."

- (3) Changes to accounting policies, procedures, and methods of presentation used in the preparation of quarterly consolidated financial statements
- 1) Changes pursuant to changes in accounting standards: Yes
 - 2) Changes other than above: Yes

Note: For details see "4. Other Information" on page 9 in the "Analysis of Operating Results and Financial Statements."

- (4) Number of shares issued and outstanding (common stock)
- 1) Number of shares issued at end of the period (treasury stock included):
 - Second quarter ended September 30, 2008: 470,463,527 shares
 - Year ended March 31, 2008: 470,463,527 shares
 - 2) Number of shares held in treasury at end of the period:
 - Second quarter ended September 30, 2008: 1,185,662 shares
 - Year ended March 31, 2008: 1,059,883 shares
 - 3) Average number of shares during second quarter:
 - Second quarter ended September 30, 2008: 469,369,767 shares
 - Second quarter ended September 30, 2007: 469,503,499 shares

*Notes: 1. The above forecast incorporates certain assumptions and projections based upon which the future outlook and plans by NTN (the Company) as announced in this document are formulated.

Actual results may differ from the above forecast depending on various conditions.
For additional information, please refer to "3. Outlook for the Year Ending March 31, 2009" on page 9 in the "Analysis of Operating Results and Financial Statements" section.

2. Effective with the fiscal year beginning April 1, 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) have been adopted. Quarterly consolidated financial statements have been prepared in accordance with the "Regulation for Quarterly Consolidated Financial Reporting"

Analysis of Operating Results and Financial Statements

1. Analysis of Consolidated Operating Results

During the six months ended September 30, 2008 (April 1 – September 30, 2008) Japan's economy showed clear signs of a recession, evidenced by lower corporate earnings due to soaring prices of raw materials and crude oil, the impact of the global economic slowdown, and the deterioration of the employment situation. Overseas, the US economy and European economies experienced a marked economic downturn triggered by the financial crisis that began in the US, while China, India, and other emerging countries saw only modest economic growth. Against this backdrop, the NTN Group entered the second year of its three-year business plan, *Growth through Creativity and Achievements 21*, and pushed initiatives to enhance corporate value through proactive marketing activities and cost-cutting efforts.

Consequently, and also partially due to SNR becoming a consolidated subsidiary, the Group's net sales for the six months ended September 30, 2008, were up 22.8% compared to the same period last fiscal year to 320,607 million yen. Impacted by increases in the price of steel and unfavorable foreign exchange rates, operating income decreased 18.7% compared to the same period last fiscal year to 19,710 million yen, and ordinary income dropped 8.2% to 19,568 million yen. The Group recorded an extraordinary gain of 379 million yen from the refund of customs duties and recorded extraordinary losses of 4,896 million yen for valuation losses on investment securities and 132 million yen in reorganization expenses. As a result, net income came to 8,535 million yen, a 34.9% decrease compared to the same period last fiscal year.

Beginning this fiscal year, in accord with the regulations on quarterly consolidated financial statements, percentage changes from the corresponding period of the previous year are presented for reference.

Sales by business segment were as follows.

1) Bearings

In applications for general industrial machinery, sales of large bearings for construction machinery and wind power systems were firm in Japan, the Americas, and China. In Europe, sales of large bearings for wind power systems were strong. There was also growth in sales of bearings in China, while in Thailand sales of Fluid Dynamic Bearings for Hard Disk Drive

(HDD) motors were firm. In automotive applications, sales in the Americas dropped due to decreased demand from US automakers and unfavorable foreign exchange rates. Sales of axle bearings and needle roller bearings were solid in Europe and China, while sales of axle bearings were also firm in Japan. SNR, a newly consolidated subsidiary, contributed largely to the increase in sales of bearings for both general industrial machinery and the automotive sector.

As a result, the Group's net sales of bearings for the six months ended September 30, 2008, increased 37.7% compared to the same period last fiscal year to 227,666 million yen.

2) Constant-velocity Joints (CVJs)

Sales of CVJs were solid, both in Japan and China, assisted by the commencement of volume production on new projects. In Japan, the strong performance was primarily due to demand for export car applications, while strong performance in China came mainly from demand from Japanese automakers.

In the Americas, sales of CVJs decreased due to the drop in demand from US automakers and an unfavorable exchange rate. Sales in Europe also fell, mainly due to a decline in demand from European automakers. As a result, the Group's net sales of CVJs for the six months ended September 30, 2008, decreased 4.0% compared to the same period last fiscal year to 78,028 million yen.

3) Precision equipment and other products

Sales of flat panel display repair devices increased by virtue of new orders, and sales of clutch unit products and spindles also grew. As a result, the Group's net sales for the six months ended September 30, 2008, increased 3.9% compared to the same period last fiscal year to 14,912 million yen.

Sales by geographical segment were as follows.

1) Japan

Sales of CVJs and axle bearings for automotive applications increased. In general industrial machinery applications, sales of large bearings for construction machinery and wind power systems increased. As a result, the Group's net sales in Japan for the six months ended September 30, 2008, were up 8.6% compared to the same period last fiscal year to 188,113

million yen. Despite the increase in sales, operating income decreased 30.6% compared to the same period last fiscal year to 8,672 million yen, reflecting the increase in steel prices and unfavorable foreign exchange rates.

2) The Americas

In general industrial machinery applications, sales of bearings for agricultural machinery and large bearings for construction machinery were strong, while sales for automotive applications decreased, mainly due to a drop in demand from US automakers and unfavorable foreign exchange rates. As a result, the Group's net sales in the Americas for the six months ended September 30, 2008 decreased 6.0% compared to the same period last fiscal year to 64,673 million yen. Operating income was 1,715 million yen, down 39.9% compared to the same period last fiscal year, reflecting the drop in sales, the increase in steel prices, and foreign exchange rates.

3) Europe

In automotive applications, sales of CVJs decreased, primarily due to a drop in demand from European automakers. However, shipments of axle bearings and needle roller bearings were solid, aided by the commencement of volume production for new orders. In general industrial machinery applications, shipments of large bearings, mainly for wind power systems, were robust. SNR, a new consolidated subsidiary, also contributed significantly to the increase in sales of bearings for both the general industrial machinery and automotive sectors. Consequently, the Group's net sales in Europe for the six months ended September 30, 2008, increased 115.9% compared to the same period last fiscal year to 99,297 million yen. Despite the impact of soaring steel prices, the Group produced operating income of 4,640 million yen, up 54.0% compared to the same period last fiscal year. The jump in operating income was due to increased sales and SNR becoming a consolidated subsidiary.

4) Asia and other areas

In China, bearings for office machines, large bearings for construction machinery and wind power systems, and axle bearings and needle roller bearings for automotive applications all showed solid performance.

Shipments to distributors were also strong. In Thailand, sales of fluid dynamic bearings increased. As a result, the Group's net sales in Asia and other areas for the six months ended

September 30, 2008, increased 4.5% compared to the same period last fiscal year to 41,471 million yen. Operating income came to 3,444 million yen, up 4.9% compared to the same period last fiscal year, due to the increase in sales.

2. Analysis of Consolidated Financial Position

Assets, Liabilities and Net Assets

Total current assets amounted to 343,015 million yen at September 30, 2008, an increase of 61,879 million, or 22.0%, from March 31, 2008. Major factors included a 20,796 million yen increase in finished goods, a 19,513 million yen increase in trade notes and accounts receivable, and a 10,676 million yen increase in work-in-process.

Total fixed assets amounted to 373,732 million yen at September 30, 2008, an increase of 25,405 million yen, or 7.3%, from March 31, 2008. Major factors included a 37,280 million yen increase in property, plant, and equipment and a 13,635 million yen decrease in investment securities.

As a result, total assets amounted to 716,748 million yen at September 30, 2008, an increase of 87,284 million yen, or 13.9%, from March 31, 2008.

Total current liabilities amounted to 348,560 million yen at September 30, 2008, an increase of 48,249 million yen, or 16.1%, from March 31, 2008. Major factors included a 26,618 million yen increase in short-term loans and a 22,745 million yen increase in trade notes and accounts payable.

Total long-term liabilities amounted to 136,711 million yen at September 30, 2008, an increase of 23,958 million yen, or 21.2%, from March 31, 2008. Major factors included a 10 billion yen increase in bonds, a 5,665 million yen increase in long-term loans, a 1,847 million yen increase in accrued retirement benefits for employees, and a 1,766 million yen increase in negative goodwill.

As a result, total liabilities amounted to 485,271 million yen at September 30, 2008, an increase of 72,206 million yen, or 17.5%, from March 31, 2008.

Total net assets were 231,476 million yen at September 30, 2008, an increase of 15,077 million yen, or 7.0%, from March 31, 2008. Major factors included a 12,546 million yen increase in minority interests, a 4,267 million yen increase in retained earnings, and a 2,037 million yen decrease in currency translation adjustments.

Cash Flows

Net cash provided by operating activities during the six months ending September 30, 2008, was 28,737 million yen, a decrease of 3,327 million yen, or 10.4%, compared to the same period last fiscal year. This was mainly due to 14,918 million yen in pretax profit, 22,807 million yen in depreciation and amortization, a 5,508 million yen increase in trade payables, and a 5,208 million yen decrease in trade receivables, which were partly offset by a 13,390 million yen increase in inventories and 6,645 million yen in income taxes paid.

Cash used in investment activities was 38,405 million yen, an increase of 1,207 million yen, or 3.2%, compared to the same period last fiscal year. This was mainly due to outlays of 31,776 million yen for the acquisition of property, plant, and equipment.

Net cash provided by financing activities was 9,005 million yen, an increase of 3,572 million yen, or 65.7%, compared to the same period last fiscal year. This was mainly due to a net increase of 14,215 million yen in long- and short-term loans, which more than offset 4,694 million yen in cash dividend payments.

After adding an increase of 865 million yen from exchange rate adjustments, cash and cash equivalents as of the end of the second quarter (September 30, 2008) amounted to 32,739 million yen, an increase of 203 million yen, or 0.6%, from the end of the previous fiscal year.

3. Outlook for the Year Ending March 31, 2009

Looking ahead, we see no signs of an economic recovery in Japan in the near term, while both the American and European economies may enter a recession and emerging countries face the risk of further economic deceleration. Consequently, we expect to face an increasingly challenging business environment.

In these circumstances, we have now entered the second year of the *Growth through Creativity and Achievements 21* medium-term business plan and are actively implementing the various measures laid out therein. Considering the drop in demand for automotive applications and the greater-than-expected appreciation of the yen, we are reducing our full-year forecasts of operating results for the fiscal year ending March 31, 2009.

The previously announced outlook for full-year operating results (announced on July 31, 2008) and the revised forecasts are shown in the table below.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	650,000	51,000	45,000	28,000	59.01
Revised forecast (B)	588,000	31,500	28,500	14,000	29.83
Change (B - A)	(62,000)	(19,500)	(16,500)	(14,000)	-
Change (%)	(9.5)	(38.2)	(36.7)	(50.0)	-
Fiscal year ended March 31, 2008 (actual)	533,984	49,611	43,231	27,431	58.43

4. Other Information

(1) Reclassification of significant subsidiaries during the period (changes in the scope of consolidation)

None

(2) Use of simplified accounting methods and accounting methods specific to the presentation of quarterly consolidated financial statements

1. Simplified accounting methods

The group has nothing material to report with regard to simplified accounting methods it has adopted.

2. Special accounting methods for presenting quarterly consolidated financial statements

Method for calculating tax expenses

Tax expenses for the six months ended September 30, 2008, are based on a reasonable estimate of the effective tax rate that will apply, after applying tax-effect accounting, to consolidated pretax profit for the fiscal year in which the relevant accounting period occurs. Specifically, consolidated pretax income for the relevant accounting period is multiplied by the estimated effective tax rate. Deferred taxes are presented along with income taxes.

(3) Changes to accounting policies, procedures, and methods of presentation used in the preparation of quarterly consolidated financial statements

- Changes pursuant to changes to accounting standards

1. Adoption of Accounting Standards for Quarterly Financial Reporting

From the fiscal year ending March 31, 2009, the NTN Group has adopted the *Accounting Standard for Quarterly Financial Reporting* (ASBJ Statement No. 12, March 14, 2007) and the associated *Guidance on the Accounting Standard for Quarterly Financial Reporting* (ASBJ Guidance No.14, March 14, 2007). Quarterly consolidated financial statements have been prepared in accordance with the Regulations on Quarterly Consolidated Financial Reporting.

2. Changes to basis and methods of valuation for significant assets

Previously, inventories held in the ordinary course of business were stated at cost determined principally by the weighted-average cost method. However, effective from the first quarter ended June 30, 2008, the NTN Group adopted the *Accounting Standard for Measurement of Inventories* (ASBJ Statement No. 9, July 5, 2006). Accordingly, such inventories are now valued primarily using a weighted average-cost method under which the value recorded on the balance sheet is book value minus a reduction to reflect declines in profitability. The effect of this on operating income, ordinary income, and income before income taxes and minority interests is immaterial.

3. Adoption of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the first quarter ended June 30, 2008, the NTN Group adopted the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force Report No. 18, May 17, 2006). Accordingly, some revisions have been made to the consolidated financial statements. The effect of this on operating income, ordinary income, and income before income taxes and minority interests is immaterial.

4. Adoption of Accounting Standard for Lease Transactions

Previously, finance lease transactions not involving a transfer of ownership were accounted for as lease transactions. However, for consolidated quarterly financial statements for fiscal years beginning on or after April 1, 2008, companies may elect to apply the *Accounting Standard for Lease Transactions* (ASBJ Statement No. 13,

revised March 30, 2007) and its associated *Guidance on the Accounting Standard for Lease Transactions* (ASBJ Guidance No. 16, revised March 30, 2007). The NTN Group adopted this standard and guidance from the quarter ended June 30, 2008, and accordingly now accounts for such lease transactions as ordinary sales transactions. Assets leased in finance lease transactions that do not involve a transfer of ownership are depreciated straight-line over a useful life equal to the lease term to a residual value of zero. The effect of this on operating income, ordinary income, and income before income taxes and minority interests is immaterial.

5. Quarterly Consolidated Financial Statements

(1) Balance Sheets

(In million yen)		
	As of September 30, 2008	As of March 31, 2008
	Amount	Amount
Assets		
Current assets		
Cash and bank deposits	26,057	28,259
Notes and accounts receivable-trade	124,736	105,223
Merchandise and finished goods	78,417	57,621
Work-in-process	42,665	31,989
Raw materials and supplies	24,790	20,358
Deferred tax assets	8,417	8,340
Short-term loan receivables	10,010	5,008
Other	28,079	24,477
Allowance for doubtful accounts	(159)	(141)
Total current assets	343,015	281,136
Fixed Assets		
Property, plant, and equipment		
Machinery, equipment, and vehicles, net	180,878	156,191
Other, net	129,803	117,210
Total property, plant, and equipment	310,681	273,401
Intangible fixed assets	4,995	2,727
Investments and other assets		
Investment securities	39,883	53,518
Deferred tax assets	15,807	16,617
Other	3,048	2,730
Allowance for doubtful accounts	(683)	(667)
Total investments and other assets	58,055	72,198
Total fixed assets	373,732	348,327
Total assets	716,748	629,464

(In million yen)

	As of September 30, 2008	As of March 31, 2008
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable-trade	130,244	107,499
Short-term loans	134,625	108,007
Bonds due within one year	-	10,000
Corporate bonds with equity warrant due within one year	24,519	24,519
Accrued income taxes	5,272	6,727
Accrued bonuses for directors and statutory auditors	95	190
Other	53,802	43,367
Total current liabilities	348,560	300,311
Long-term liabilities		
Bonds	40,000	30,000
Long-term loans	46,012	40,347
Accrued retirement benefits for employees	29,514	27,667
Reserve for product defect compensation	1,160	1,378
Goodwill (negative balance)	1,766	-
Other	18,257	13,359
Total long-term liabilities	136,711	112,753
Total liabilities	485,271	413,065
Net assets		
Shareholders' capital		
Common stock	42,339	42,339
Capital surplus	55,479	55,410
Retained earnings	129,315	125,048
Treasury stock	(802)	(722)
Total shareholders' capital	226,332	222,076
Valuation and translation adjustments		
Net unrealized holding gain on securities	(1,627)	(1,939)
Translation adjustments	(12,831)	(10,794)
Total valuation and translation adjustments	(14,458)	(12,733)
Minority interests	19,602	7,056
Total net assets	231,476	216,399
Total liabilities and net assets	716,748	629,464

(2) Statements of Operations

(In million yen)

	Six months ended September 30, 2008
	Amount
Net sales	320,607
Cost of sales	260,448
Gross profit	60,159
Selling, general, and administrative expenses	
Freight	7,090
Sales commissions	582
Salaries	14,719
Retirement benefit expenses	794
Provision for bonuses for directors and statutory auditors	95
Rent	1,212
Travel	869
Taxes and duties	734
Depreciation and amortization	1,340
Research and development expenses	4,519
Other	8,488
Total selling, general, and administrative expenses	40,448
Operating income	19,710
Non-operating income	
Interest received	267
Dividend received	349
Amortization of negative goodwill	745
Equity in earnings of non-consolidated subsidiaries and affiliates	353
Other	2,907
Total non-operating income	4,624
Non-operating expenses	
Interest expenses	2,868
Other	1,898
Total non-operating expenses	4,766
Ordinary income	19,568
Extraordinary gains	
Gain on refund of customs duties for past years	379
Total extraordinary gains	379
Extraordinary losses	
Valuation loss on investment securities	4,896
Restructuring expenses	132
Total extraordinary losses	5,029
Income before income taxes and minority interests	14,918
Income and other taxes	5,585
Minority interests in subsidiaries	797
Net income	8,535

(3) Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2008
	Amount
Cash flows from operating activities:	
Income before income taxes and minority interests	14,918
Depreciation and amortization	22,807
Amortization of negative goodwill	(745)
Increase (decrease) in allowance for doubtful accounts	(303)
Increase (decrease) in accrued bonuses for directors and statutory auditors	(94)
Increase (decrease) in accrued retirement benefits for employees	(377)
Increase (decrease) in reserve for product defect compensation	(217)
Increase (decrease) in accrued payments due to the change in retirement benefit plan	(386)
Interest and dividend income	(617)
Interest expense	2,868
Translation adjustments and foreign exchange (gains) losses	(1,976)
(Gain) loss in equity of non-consolidated subsidiaries and affiliates	(353)
Valuation (gain) loss on investment securities	4,896
(Increase) decrease in trade receivables	5,208
(Increase) decrease in inventories	(13,390)
Increase (decrease) in trade payables	5,508
Other	(533)
Subtotal	37,209
Interest and dividend income received	1,351
Interest expense paid	(3,178)
Income taxes paid	(6,645)
Net cash provided by (used in) operating activities	28,737
Cash flows from investing activities:	
Increase in time deposits	(2,619)
Decrease in time deposits	1
Purchase of property, plant, and equipment	(31,776)
Proceeds from sale of property, plant, and equipment	18
Purchase of intangible fixed assets	(299)
Purchase of investment securities	(461)
Proceeds from sale of investment securities	82
Purchase of subsidiaries' shares	(386)
Purchase of subsidiaries' shares resulting in change in scope of consolidation	(2,983)
(Increase) decrease in short-term loans receivable	0
Other	18
Net cash provided by (used in) investing activities	(38,405)
Cash flows from financing activities	
Increase (decrease) in short-term loans, net	9,432
Proceeds from long-term loans	7,068
Repayment of long-term loans	(2,285)
Proceeds from issuance of bonds	10,000
Payment for redemption of bonds	(10,000)
Dividend payment	(4,694)
Other	(515)
Net cash provided by (used in) financing activities	9,005
Effect of exchange rate changes on cash and cash equivalents	865
Increase (decrease) in cash and cash equivalents	203
Cash and cash equivalents, at beginning of the period	32,536
Cash and cash equivalents, at end of the period	32,739

Effective from the fiscal year ending March 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No.14) have been adopted. Quarterly consolidated financial statements have been prepared in accordance with the "Regulation for Quarterly Consolidated Financial Reporting"

(4) Notes concerning premise of a going concern

Not applicable

(5) Segment Information

Geographic segment information

(In million yen)

Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)							
	Japan	The Americas	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	122,245	63,856	97,521	36,983	320,607	-	320,607
(2) Inter-segment sales	65,867	816	1,775	4,488	72,947	(72,947)	-
Total	188,113	64,673	99,297	41,471	393,554	(72,947)	320,607
Operating expenses	8,672	1,715	4,640	3,444	18,471	1,239	19,710

Notes: 1. Classification method of geographic segment: by geographic proximity
 2. Major countries or regions in each segment:
 The 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

Overseas sales

(In million yen)

Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)				
	The Americas	Europe	Asia and other areas	Total
I Overseas sales	67,267	92,955	46,753	206,976
II Consolidated net sales				320,607
III Overseas sales as a percentage of consolidated net sales	21.0 %	29.0 %	14.6 %	64.6 %

Notes: 1. Classification method of geographic segment: by geographic proximity
 2. Major countries or regions in each segment:
 The 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. Overseas sales includes sales by the Company and its consolidated subsidiaries to countries and regions other than Japan.

(6) Significant changes in subsidiaries' capital during the period

Not applicable

Reference:

Consolidated financial statements for the six months ended September 30, 2007

(1) Condensed Statements of Operations

(In million yen)

	Six months ended September 30, 2007
	Amount
Net sales	260,984
Cost of sales	205,835
Gross profit	55,149
Selling, general and administrative expenses	30,891
Operating income	24,257
Non-operating income	
Interest and dividend received	511
Other	1,863
Total non-operating income	2,374
Non-operating expenses	
Interest expenses	2,980
Other	2,333
Total non-operating expenses	5,313
Ordinary income	21,318
Extraordinary gains	
Gains arising from the establishment of retirement benefit trust fund	2,215
Total extraordinary gains	2,215
Extraordinary losses	
Reserve for product defect compensation	1,700
Restructuring expenses	246
Total extraordinary losses	1,946
Income before income taxes and minority interests	21,587
Income and other taxes	6,963
Income taxes adjustments	1,444
Minority interests in subsidiaries	65
Net income	13,114

(2) Statements of Cash Flows

(In million yen)

	Second quarter ended September 30, 2007
	Amount
Cash flows from operating activities:	
Income before income taxes and minority interests	21,587
Depreciation and amortization	18,687
Amortization of goodwill	0
Increase (decrease) in allowance for doubtful accounts	18
Increase (decrease) in accrued bonuses for directors and statutory auditors	(102)
Increase (decrease) in accrued retirement benefits for employees	(3,257)
Increase (decrease) in reserve for product defect compensation	1,126
Interest and dividend income	(511)
Interest expense	2,980
Translation adjustments and foreign exchange (gain) loss	1,069
(Gain) loss in equity of non-consolidated subsidiaries and affiliates	(674)
(Gains) losses arising from the establishment of retirement benefit trust fund	(2,215)
(Increase) decrease in contribution to retirement benefit trust fund	3,030
(Increase) decrease in trade receivables	2,727
(Increase) decrease in inventories	(2,163)
Increase (decrease) in trade payables	2,476
Other	(304)
Subtotal	44,475
Interest and dividend income received	1,301
Interest expense paid	(3,468)
Income taxes paid	(10,243)
Net cash provided by (used in) operating activities	32,064
Cash flows from investing activities:	
Increase in time deposits	(713)
Decrease in time deposits	2
Purchase of property, plant, and equipment	(28,436)
Proceeds from sales of property, plant, and equipment	36
Purchase of intangible fixed assets	(289)
Purchase of investment securities	(7,379)
Purchase of equity-method-applied affiliates' shares	(417)
(Increase) decrease in short-term loans receivable, net	(0)
Other	1
Net cash provided by (used in) investing activities	(37,198)
Cash flows from financing activities	
Increase (decrease) in short-term loans, net	5,133
Proceeds from long-term loans	5,519
Repayment of long-term loans	(1,307)
Issuance of common stock assigned to minority shareholders	445
Dividend payment	(4,225)
Other	(130)
Net cash provided by (used in) financing activities	5,433
Effect of exchange rate changes on cash and cash equivalents	(328)
Increase (decrease) in cash and cash equivalents	(29)
Cash and cash equivalents, at beginning of the period	32,083
Cash and cash equivalents, at end of the period	32,053

(3) Segment Information

Geographic segment information

(In million yen)

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)							
	Japan	The Americas	Europe	Asia and other areas	Total	Elimination	Consolidated total
Net sales							
(1) External sales	112,051	68,369	45,766	34,796	260,984	—	260,984
(2) Inter-segment sales	61,119	401	218	4,871	66,610	(66,610)	—
Total	173,171	68,771	45,984	39,667	327,594	(66,610)	260,984
Operating expenses	12,494	2,855	3,013	3,284	21,648	2,609	24,257

Overseas sales

(In million yen)

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)				
	The Americas	Europe	Asia and other areas	Total
I Overseas sales	70,335	45,433	41,108	156,876
II Consolidated net sales				260,984
III Overseas sales as a percentage of consolidated net sales	26.9 %	17.4 %	15.8 %	60.1 %