

Financial Results For the Six Months Ended September 30, 2011 [Japanese Accounting Standards] (Consolidated)

November 4, 2011

NTN Corporation
 Security Code: 6472
 Listings: Tokyo and Osaka Stock Exchanges
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 Scheduled submission date of quarterly financial statements: November 11, 2011
 Scheduled commencement date of dividend payment: December 5, 2011
 Supplementary material of the financial results: Prepared
 Investor meeting: Scheduled

1. Consolidated Financial Results for the Six Months Ended September 30, 2011 (April 1, 2011 to September 30, 2011)

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

(1) Operating Results

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended September 30, 2011	266,066	2.0	10,722	2.3	8,652	0.5	3,725	-48.7
Six months ended September 30, 2010	260,764	26.2	10,476	—	8,604	—	7,262	—

Note: comprehensive income: Six months ended September 30, 2011: -9,475 million yen (—%)
 Six months ended September 30, 2010: -4,239 million yen (—%)

	Net income per share	Diluted net income per share
	yen	yen
Six months ended September 30, 2011	7.01	—
Six months ended September 30, 2010	13.66	—

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Six months ended September 30, 2011	619,623	200,036	30.4
Year ended March 31, 2011	632,000	210,352	31.6

Note: Shareholders' equity Six months ended September 30, 2011: 188,284 million yen
 Year ended March 31, 2011: 199,921 million yen

2. Dividends

(Record date)	Dividends per share				
	at 1st quarter end	at 2nd quarter end	at 3rd quarter end	at fiscal year end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2011	—	5.00	—	5.00	10.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (forecast)		5.00	—	5.00	10.00

Notes: Adjustment from the previously published forecast of dividends: None

3. Forecast of Consolidated Earnings for the Year Ending March 31, 2012 (April 1, 2011 to March 31, 2012) (Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	575,000	8.5	30,000	22.2	26,000	23.2	14,000	-2.8	26.33

Notes: Adjustment from the previously published forecast of earnings: Adjusted

4. Other Information

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

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

Notes: For more details, see "2. Information regarding Summary Information (Other Information)" on page 3 of the attached document.

(3) Changes in accounting principles and accounting estimates and retrospective restatement

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

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

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

Six months ended September 30, 2011: 532,463,527 shares

Year ended March 31, 2011: 532,463,527 shares

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

Six months ended September 30, 2011: 833,042 shares

Year ended March 31, 2011: 824,400 shares

3) Average number of shares outstanding during the quarter:

Six months ended September 30, 2011: 531,635,926 shares

Six months ended September 30, 2010: 531,683,397 shares

* Presentations related to implementation of quarterly review process

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

* Notes

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.

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1. Qualitative Information of Consolidated Financial Statements for the Six months ended September 30, 2011

(1) Qualitative Information regarding Consolidated Operating Results

During the period for accumulated consolidated results through the current first half (April 1, 2011 to September 30, 2011), the Japanese economy showed signs of recovery from the aftermath of the Great East Japan Earthquake, but the future of the economy remains uncertain due to the prolonged period of the strong yen. In terms of the global economy, the pace of the recovery is slowing down as a whole.

Against this backdrop, the NTN Group is expanding the business on a global scale by placing emphasis on growth markets and, at the same time, promoting expansion of sales in the fields of industrial machinery and aftermarket applications, as we seek to achieve the medium-term management plan, "Global Advance 2013" covering the three years starting from this April.

The Group's net sales for the current first half of the total period of consolidation increased to 266,066 million yen (up 2.0 % from the same period in the previous year). In terms of income, increased sales led to operating income of 10,722 million yen (up 2.3% from the year-earlier period) and ordinary income of 8,652 million yen (up 0.5 % from the year-earlier period). After posting extraordinary losses of 743 million yen as earthquake-related expenses, 740 million yen as loss on revaluation of investment securities and 580 million yen as business restructuring expenses, net income for the current first half was recorded at 3,725 million yen (down 48.7 % from the year-earlier level).

Sales by geographical segment were as follows:

(1) Japan

With regard to sales volume, the sales in automotive applications decreased overall due to a decline in customer demand as a result of the Great East Japan Earthquake. In general industrial machinery applications, sales for construction machinery and machine tools applications increased and there was also an increase in sales in the aftermarket. In addition, export sales increased with respect to all regions thanks to the recovery of customer demand. As a result, sales for the current first half increased to 163,339 million yen, up 3.9 % from the year-earlier level. In terms of income for the segment, increased sales helped the segment income reach 4,042 million yen (up 47.3 % from the same period in the previous year) despite the negative impact of the strong yen.

(2) Americas

With regard to sales volume, the sales in automotive applications increased overall thanks to the recovery of customer demand. In general industrial machinery applications, there was an increase in sales for construction machinery application, and sales in the aftermarket also increased. However, due to the negative impact of higher yen, sales for the current first half increased to 56,429 million yen, up 0.6 % from the same period in the previous year and the segment income fell to 228 million yen, down 83.4 % from the previous-year level.

(3) Europe

With regard to sales volume, the sales in automotive applications increased overall thanks to the recovery of customer demand. In general industrial machinery applications, there were an increase in sales for general machinery and agricultural machinery applications, and sales in the aftermarket also increased. As a result, sales for the current first half increased by 8.0 % from the same period in the previous year to 74,662 million yen. In terms of income for the segment, the increased sales led to the increased segment income of 2,601 million yen (2.8 % increase from the previous-year level).

(4) Asia and other areas

With regard to sales volume, sales for automotive applications increased in the aggregate due to an increase in customer demands both in China and other Asian areas. In general industrial machinery applications, there was an increase in sales for wind power generation, railway rolling stock and construction machinery applications, and sales in the aftermarket also increased. As a result, sales increased by 3.2 % from the same period in the previous year to 41,734 million yen, but, in spite of such an increase in sales, the segment income decreased to 2,805 million yen or down 20.5 % from the previous-year level due to the negative impact of the strong yen.

Operating results by business application are as follows:

(1) Automotive applications

Despite increased sales in Europe, sales volume in Japan dropped due to a decline in customer demands seen in the aftermath of the Great East Japan Earthquake. As a result, sales decreased by 4.7 % from the same period in the previous year to 163,400 million yen. The decrease in sales led to the operating loss of 1,496 million yen (operating income of 1,336 million yen for the same period of the previous year).

(2) Industrial machinery applications

Sales increased in the respective regions of Japan, Americas, Europe, Asia and other areas thanks to the overall recovery of demands in construction machinery, machine tools and agricultural machinery applications. As a result, sales reached 54,618 million yen, up 14.2 % from the same period last year. The increased sales helped operating income reach 2,343 million yen, up 201.2 % from the same period last year.

(3) Aftermarket applications

Sales increased in the respective regions of Japan, Americas, Europe, Asia and other areas thanks to the recovery of customer demand. As a result, sales reached 48,047 million yen, up 15.6 % from the same period last year. The increased sales helped operating income reach 9,874 million yen, up 18.1 % from the previous-year level.

(2) Qualitative Information regarding Consolidated Financial Position
(Assets, Liabilities, and Net assets)

Total current assets at September 30, 2011 amounted to 311,554 million yen, a decrease of 7,140 million yen or 2.2 % from the previous consolidated fiscal year end. Major factors included a decrease of 5,064 million yen in short-term loans receivable and a decrease of 3,175 million yen in cash and bank deposits. Total fixed assets at the current first half end amounted to 308,068 million yen, a decrease of 5,238 million yen or 1.7 % from the previous consolidated fiscal year end. The major factor was a decrease of 5,046 million yen in property, plants and equipment. As a result, total assets amounted to 619,623 million yen, a decrease of 12,377 million yen or 2.0% from the previous consolidated fiscal year end.

Total current liabilities at September 30, 2011 amounted to 267,598 million yen, a decrease of 2,025 million yen or 0.8% from the previous consolidated fiscal year end. The major factor was a decrease of 3,347 million yen in notes and accounts payable. Total long-term liabilities at the current first half end amounted to 151,987 million yen, a decrease of 37 million yen or 0.0% from the previous consolidated fiscal year end. As a result, total liabilities amounted to 419,586 million yen, a decrease of 2,062 million yen or 0.5 % from the previous consolidated fiscal year end.

Total net assets were 200,036 million yen, a decrease of 10,316 million yen or 4.9% from the previous consolidated fiscal year end. The major factor was a decrease of 11,320 million yen in translation adjustments.

(Cash Flows)

Net cash provided by operating activities was 4,655 million yen, a decrease of 19,723 million yen or 80.9 % from the same period of the previous year. This was mainly due to income associated with 6,480 million yen of operating income before taxes and minority interests and 16,721 million yen of depreciation and amortization against expenditures associated with 12,394 million yen of increase in inventories, and 4,936 million yen of incomes taxes paid.

Cash used in investment activities increased by 9,408 million yen or 57.6% from the same period in the previous year to 25,742 million yen. This was mainly due to expenditure of 22,361 million yen in the purchase of property, plants and equipment as well as expenditure of 2,300 million yen in payment for purchase of stock of equity-method affiliates.

Net cash provided by financial activities was 10,434 million yen (expenditure of 5,826 million yen in the same period of the previous year). This was mainly due to income associated with 6,942 million yen of an increase in long-term loans and 4,414 million yen of an increase in short-term loans.

As a result of these cash flows and including foreign exchange gain of 2,013 million yen and an increase of 107 million yen in cash and cash equivalents from newly consolidated subsidiaries, cash and cash equivalents as of the end of the current six months of the consolidated accounting period amounted to 31,549 million yen, a decrease of 8,532 million yen or 21.3% from the end of the previous consolidated fiscal year.

2. Information regarding Summary Information (Other Information)

(1) Adoption of accounting method specific to the preparation of quarterly consolidated financial statements
(calculation of tax expenses)

Tax expenses are calculated by multiplying quarterly income before income taxes by an effective tax rate reasonably estimated based on income before income taxes for the full fiscal year, including the six months ended September 30, 2011, after the application of tax effect accounting.

However, in cases where calculating tax expenses using a reasonably estimated effective tax rate yields a result that is notably lacking rationality, then, tax expenses are calculated using the statutory effective tax rate. Moreover, income taxes adjustments are shown in income and other taxes.

3. Consolidated Financial Statements for the Six Months

(1) Balance Sheets

(In million yen)

	As of March 31, 2011	As of September 30, 2011
Assets		
Current assets		
Cash and bank deposits	33,415	30,240
Notes and accounts receivable-trade	109,721	106,705
Securities	3,000	3,000
Finished goods & purchased goods	73,762	75,300
Work in process	39,063	40,753
Raw materials & supplies	24,159	24,421
Deferred tax assets	6,132	6,070
Short-term loans receivable	5,305	241
Other	24,782	25,365
Allowance for doubtful accounts	-647	-542
Total current assets	318,694	311,554
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	64,172	64,635
Machinery, equipment and vehicles, net	131,375	120,804
Other, net	50,583	55,645
Total property, plant and equipment	246,131	241,085
Intangible fixed assets	2,989	2,612
Investments and other assets		
Investment securities	38,265	37,198
Deferred tax assets	24,214	25,382
Other	1,839	1,969
Allowance for doubtful accounts	-132	-179
Total investments and other assets	64,186	64,370
Total fixed assets	313,306	308,068
Total assets	632,000	619,623

(In million yen)

	As of March 31, 2011	As of September 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	110,205	106,858
Short-term loan	114,236	116,812
Accrued income taxes	3,743	1,896
Accrued bonuses for directors and statutory auditors	185	79
Other	41,252	41,952
Total current liabilities	269,623	267,598
Long-term liabilities		
Bonds	10,000	10,000
Long-term loans	99,047	101,086
Accrued retirement benefits for employees	30,833	30,396
Reserve for product defect compensation	845	838
Other	11,297	9,666
Total long-term liabilities	152,024	151,987
Total liabilities	421,648	419,586
Net assets		
Shareholders' equity		
Common stock	54,346	54,346
Additional paid-in capital	67,417	67,417
Retained earnings	113,030	114,102
Treasury stock	-757	-761
Total shareholders' equity	234,036	235,105
Accumulated other comprehensive income		
Net unrealized holding gain on other securities	2,136	550
Translation adjustments	-33,679	-44,999
Accrued retirement benefits adjustments	-2,572	-2,371
Total accumulated other comprehensive income	-34,115	-46,820
Minority interests	10,430	11,752
Total net assets	210,352	200,036
Total liabilities and net assets	632,000	619,623

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

(In million yen)

	Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)
Net sales	260,764	266,066
Cost of sales	216,789	220,268
Gross profit	43,974	45,797
Selling, general and administrative expenses	¹ 33,498	¹ 35,075
Operating income	10,476	10,722
Non-operating income		
Interest income	101	133
Dividend income	249	410
Equity in earnings of unconsolidated subsidiaries	257	503
Technical fee income	460	453
Other	1,123	724
Total non-operating income	2,193	2,225
Non-operating expenses		
Interest expenses	1,673	1,659
Foreign exchange loss	1,034	986
Other	1,355	1,648
Total non-operating expenses	4,064	4,295
Ordinary income	8,604	8,652
Extraordinary gains		
Gains on sale of investment securities	1,511	—
Gains on negative goodwill	1,202	—
Gains on allotment of shares	² 298	—
Total extraordinary gains	3,012	—
Extraordinary losses		
Earthquake-related expenses	—	³ 743
Loss on revaluation of investment securities	153	740
Restructuring expenses	—	⁴ 580
Loss on sale of fixed assets	—	107
Total extraordinary losses	153	2,171
Operating income before income taxes and minority interests	11,464	6,480
Income and other taxes	3,438	2,196
Income before minority interests	8,025	4,284
Minority interests in subsidiaries	763	559
Current net income	7,262	3,725

(Consolidated Statement of Comprehensive Income)

(In million yen)

	Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)
Income before minority interests	8,025	4,284
Other comprehensive income		
Net unrealized holding gain on securities	-2,525	-1,586
Deferred gains or losses on hedges	66	—
Translation adjustments	-9,619	-12,592
Accrued retirement benefits adjustments	261	201
Equity in equity-method affiliates	-447	218
Total other comprehensive income	-12,265	-13,759
Comprehensive income	-4,239	-9,475
(Breakdown)		
Comprehensive income attributable to owners of parent company	-4,253	-8,980
Comprehensive income attributable to minority interests	14	-495

(3) Statements of Cash Flows

(In million yen)

	Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)
Net cash provided by operating activities		
Operating income before income taxes and minority interests	11,464	6,480
Depreciation and amortization	17,815	16,721
Gains on negative goodwill	-1,202	—
Increase/decrease in allowance for doubtful accounts	4	21
Increase/decrease in accrued retirement benefits for directors and statutory auditors	76	-106
Increase/decrease in accrued retirement benefits for employees	635	435
Increase/decrease in reserve for product defect compensation	-892	11
Increase/decrease in accrued payments due to the change in retirement benefit plan	-199	-164
Interest and dividend income	-350	-543
Interest expenses	1,673	1,659
Foreign currency translation adjustments / Foreign exchange losses/gains	-17	-1,117
Equity in earnings/losses of non-consolidated subsidiaries	-257	-503
Gains or loss on sale of fixed assets	—	107
Gains or loss on revaluation of investment securities	153	740
Decrease/increase in trade receivables	-7,170	-3,643
Decrease/increase in inventories	-2,872	-12,394
Increase/decrease in trade payables	7,690	-1,157
Other	2,273	3,167
Subtotal	28,822	9,713
Interest and dividend income received	625	1,549
Interest paid	-1,627	-1,671
Income taxes paid	-3,442	-4,936
Net cash provided by operating activities	24,378	4,655
Net cash used in investing activities		
Increase in time deposits	-395	-2,842
Decrease in time deposits	255	2,352
Purchase of property, plant and equipment	-11,573	-22,361
Purchase of intangible fixed assets	-243	-228
Purchase of investment securities	-158	-0
Proceeds from sale of investment securities	1,564	—
Payment for purchase of stock of equity-method affiliates	—	-2,300
Payment for purchase of subsidiaries' stock	-5,908	-473
Proceeds from liquidation of subsidiaries	—	112
Decrease/increase in short-term loans receivable, net	3	63
Other	120	-64
Net cash used in investing activities	-16,334	-25,742
Net cash provided by financing activities		
Increase/decrease in short-term loans, net	-10,003	4,414
Proceeds from long-term loans	30,733	9,360
Repayment of long-term loans	-4,324	-2,418
Payment for redemption of bonds	-20,000	—
Proceeds from issuance of shares to minority shareholders	—	2,044
Dividend payment	-2,126	-2,658
Repayment of lease payable	-93	-95
Other	-11	-213
Net cash provided by financing activities	-5,826	10,434
Effect of exchange rate changes on cash and cash equivalents	1,664	2,013
Increase/decrease in cash and cash equivalents	3,882	-8,639
Cash and cash equivalents, at beginning of the year	32,758	40,081
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	107
Cash and cash equivalents, at end of the year	36,641	31,549

(4) Notes to Consolidated Financial Statements
(Consolidated Balance Sheet)

Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)	Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)																				
<p>*1 Major items and the relevant amounts of selling costs and general and administrative costs are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Salaries and allowances</td> <td style="text-align: right;">12,015 million yen</td> </tr> <tr> <td style="padding-left: 20px;">Transportation</td> <td style="text-align: right;">6,396</td> </tr> <tr> <td style="padding-left: 20px;">Research and development</td> <td style="text-align: right;">3,673</td> </tr> <tr> <td style="padding-left: 20px;">Rent</td> <td style="text-align: right;">1,048</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation and amortization</td> <td style="text-align: right;">1,126</td> </tr> </table>	Salaries and allowances	12,015 million yen	Transportation	6,396	Research and development	3,673	Rent	1,048	Depreciation and amortization	1,126	<p>*1 Major items and the relevant amounts of selling costs and general and administrative costs are as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Salaries and allowances</td> <td style="text-align: right;">12,712 million yen</td> </tr> <tr> <td style="padding-left: 20px;">Transportation</td> <td style="text-align: right;">6,469</td> </tr> <tr> <td style="padding-left: 20px;">Research and development</td> <td style="text-align: right;">4,440</td> </tr> <tr> <td style="padding-left: 20px;">Rent</td> <td style="text-align: right;">1,139</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation and amortization</td> <td style="text-align: right;">1,095</td> </tr> </table>	Salaries and allowances	12,712 million yen	Transportation	6,469	Research and development	4,440	Rent	1,139	Depreciation and amortization	1,095
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Depreciation and amortization	1,095																				
<p>*2 Gain on allotment of shares of 298 million yen shown in extraordinary gains is from shares allotted following the demutualization of the Dai-ichi Mutual Life Insurance Company.</p>																					
	<p>*3 In the current first half of the total period of consolidation, 743 million yen of earthquake-related expense is reported as extraordinary losses. This consists of 726 million yen of fixed costs attributable to the period during which production level is less than normal and 17 million yen of other expenses.</p>																				
-	<p>*4 Loss from the closure of the former Takarazuka Works was accounted for as business restructuring expense and included in extraordinary losses when the production at the facility was ended as at March-end, 2009. However, because additional engineering work was necessary, the expenditure of 580 million yen for the work is accounted for as business restructuring expense and included in extraordinary losses during the current first half of the total period of consolidation. The vacant lot is scheduled to be sold after soil amelioration. However, as it is difficult to provide reasonable estimates of the gains and expenses at this point, neither of them is not shown in this report.</p>																				

(5) Going Concern Assumption
None

(6) Segment Information

I. Six months ended September 30, 2010 (April 1, 2010 – September 30, 2010)

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

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	101,107	54,704	67,649	37,303	260,764	—	260,764
Inter-segment sales or transfers	56,043	1,370	1,454	3,134	62,003	- 62,003	—
Total	157,150	56,074	69,104	40,438	322,767	- 62,003	260,764
Segment income (operating income)	2,744	1,370	2,530	3,530	10,175	300	10,476

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

2. Major countries or regions in each segment:

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

Europe: Germany, France, United Kingdom

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

2. Information on impairment loss of fixed assets or goodwill

(Significant gains from negative goodwill)

The Company raised its ownership in NTN-SNR ROULEMENTS, a consolidated subsidiary, to 80% after acquiring additional 29% ownership interest on April 22, 2010. This resulted in recognition of negative goodwill in the Japan segment. The event created a gain of 1,202 million yen for the quarter.

II. Six months ended September 30, 2011 (April 1, 2011 – September 30, 2011)

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

(In million yen)

	Reporting segment					Adjustments (Note) 1	Balance sheet amount
	Japan	Americas	Europe	Asia and other areas	Total		
Net sales							
Sales to external customers	99,917	54,857	72,851	38,438	266,066	—	266,066
Inter-segment sales or transfers	63,422	1,571	1,810	3,295	70,100	- 70,100	—
Total	163,339	56,429	74,662	41,734	336,167	- 70,100	266,066
Segment income (operating income)	4,042	228	2,601	2,805	9,678	1,043	10,722

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

2. Major countries or regions in each segment:

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

Europe: Germany, France, United Kingdom

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

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

None

(8) Significant Subsequent Events

1. Disposal of Important Assets

Following the closing down of the former Takarazuka Works, the Company sold the buildings and lands for the dormitory and company-owned houses for employees that had become idle capital (the date of the disposal contract: September 22, 2011, the date of delivery: October 28, 2011). Due to the disposal of these assets, proceeds from the sale of fixed assets of 1,097 million yen will be accounted for as extraordinary loss in the third quarter of the fiscal year ending March 30, 2012.

2. Issuance of Corporate Bonds

The Company has made a comprehensive resolution at its Board of Directors Meeting held on October 20, 2011 with regard to the offering of domestic unsecured straight bonds. The details of the resolution are as follows:

- (1) Upper limit of the total amount of bonds to be offered: 10 billion yen
- (2) Upper limit of the interest rate of bonds to be offered: 1.0% per annum or less
- (3) Amount to be paid in for bonds to be offered: 100 yen per par value of 100 yen
- (4) Timing of offering: within three 3 months of the resolution at the Board of Directors Meeting
- (5) Method of redemption of bonds to be offered: bulk redemption on the maturity date
- (6) Term of redemption: 5 years
- (7) Purpose of the fund to be raised: to be appropriated to the funds for investment and lending

4. Supplemental Information

(1) Earnings by business segment

Six months (from April 1, 2010 to September 30, 2010)

(In million yen)

	Automotive applications	Industrial machinery applications	Aftermarket applications	Total
Sales to external customers	171,397	47,808	41,557	260,764
Operating income	1,336	778	8,360	10,476

Six months (from April 1, 2011 to September 30, 2011)

(In million yen)

	Automotive applications	Industrial machinery applications	Aftermarket applications	Total
Sales to external customers	163,400	54,618	48,047	266,066
Operating income or loss	-1,496	2,343	9,874	10,722

(2) Sales by geographic segment

Six months (from April 1, 2010 to September 30, 2010)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
94,038	57,804	63,700	45,220	260,764

Six months (from April 1, 2011 to September 30, 2011)

(In million yen)

Japan	Americas	Europe	Asia and other areas	Total
91,548	58,160	69,065	47,291	266,066

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